

**FEDERAL FISCAL YEAR 2019  
MONITORING REPORT  
ON THE  
DISTRICT OF COLUMBIA  
REHABILITATION SERVICES  
ADMINISTRATION  
VOCATIONAL REHABILITATION  
AND  
SUPPORTED EMPLOYMENT PROGRAMS**



**U.S. Department of Education  
Office of Special Education and  
Rehabilitative Services  
Rehabilitation Services Administration**

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# SECTION 1: THE SCOPE OF THE REVIEW

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## **A. Background**

Section 107 of the Rehabilitation Act of 1973 (Rehabilitation Act), as amended by Title IV of the Workforce Innovation and Opportunity Act (WIOA), requires the Commissioner of the Rehabilitation Services Administration (RSA) to conduct annual reviews and periodic on-site monitoring of programs authorized under Title I of the Rehabilitation Act to determine whether a vocational rehabilitation (VR) agency is complying substantially with the provisions of its State Plan under Section 101 of the Rehabilitation Act and with the evaluation standards and performance indicators established under Section 106 of the Rehabilitation Act subject to the performance accountability provisions described in Section 116(b) of WIOA. In addition, the Commissioner must assess the degree to which VR agencies are complying with the assurances made in the State Plan Supplement for Supported Employment Services under Title VI of the Rehabilitation Act.

Through its monitoring of the State Vocational Rehabilitation Services program (VR program) and the State Supported Employment Services program (Supported Employment program) administered by the District of Columbia Rehabilitation Services Administration (DC RSA) in Federal fiscal year (FFY) 2019, RSA—

- Assessed the performance of the VR and the Supported Employment programs with respect to the achievement of quality employment outcomes for individuals with disabilities, including those with significant and most significant disabilities;
- Identified strategies and corrective actions to improve the program and fiscal performance related to the following focus areas:
  - Performance of the State Vocational Rehabilitation Services and State Supported Employment Services Programs;
  - Pre-Employment Transition Services for Students with Disabilities;
  - Financial Management of the State Vocational Rehabilitation Services and State Supported Employment Services Programs; and
  - Joint Workforce Innovation and Opportunity Act Final Rule Implementation.

In addition, RSA reviewed a sample of individual service records to assess internal controls for the accuracy and validity of the Case Service Report (RSA-911) data and service records to assess measurable skill gains.

The nature and scope of this review and the process by which RSA carried out its monitoring activities, including the conduct of an on-site visit on April 16 through 17, and 23, 2019, is described in detail in the [State Vocational Rehabilitation Services and State Supported Employment Services Programs Federal Fiscal Year 2019 Monitoring and Technical Assistance Guide](#).

## **B. Review Team Participants**

Members of the RSA review team included Jim Doyle, Shannon Moler, and Jessica Davis (Vocational Rehabilitation Program Unit); Craig McManus (Fiscal Unit); Jason Hunter (Technical Assistance Unit); and Yann-Yann Shieh (Data Collection and Analysis Unit).

## **C. Acknowledgments**

RSA wishes to express appreciation to the representatives of DC RSA for the cooperation and assistance extended throughout the monitoring process. RSA also appreciates the participation of others, such as the State Rehabilitation Council (SRC), the Client Assistance Program, advocates, and other stakeholders in the monitoring process.

## **SECTION 2: FOCUS AREA – PERFORMANCE OF THE STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS**

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### **A. Purpose**

Through this focus area, RSA assessed the achievement of employment outcomes, including the quality of those outcomes, by individuals with disabilities served in the VR program through conducting an analysis of VR program data and a review of individual service records. The analysis below, along with any accompanying findings and corrective actions, is based on a review of the programmatic data contained in Appendix A of this report. The data used in the analysis are those collected and reported by the VR agency.

### **B. Analysis of the Performance of the VR Program**

#### **VR Agency Profile**

**Resources:** Appendix A—Tables 1, 2, 3, and 4

For program year (PY) 2017, DC RSA reported a total of 2,585 applicants and 2,053 individuals determined eligible for VR services. During this time, 1,689 individuals received VR services after developing an approved individualized plan for employment (IPE) and an additional 592 individuals had an approved IPE but did not receive any VR services. Of those who received services with an approved IPE in PY 2017, the majority of those served were individuals with psychological or psychosocial disabilities (43.1 percent of all individuals served), followed by individuals with cognitive disabilities (33.0 percent of all individuals served).

Of the 3,247 individuals who exited the program in PY 2017, 2,105 individuals exited after receiving VR services. Of those who received VR services and exited the VR program, 635 individuals, or 30.2 percent, achieved competitive integrated employment. Of those individuals who achieved competitive integrated employment, 150 individuals exited with a supported employment outcome. DC RSA reported 1,470 individuals exited without achieving an employment outcome after receiving VR services.

#### **The VR Process**

**Resources:** Appendix A—Tables 1, 2, 4, and 5

Over a three-year period, the number of total applicants decreased from 3,384 individuals in FFY 2016, to 2,723 individuals in FFY 2018, based on data reported through the RSA-113. During the same three-year period, the number of total eligible individuals decreased from 2,728 individuals in FFY 2016 to 2,226 individuals in FFY 2018. As reported on the RSA-911 report, in PY 2017, 610 individuals exited from application status before an eligibility determination was made and 368 individuals exited after being determined eligible for VR services, but before an IPE was developed. DC RSA attributed the decline of new applicants and individuals determined eligible to the limited number of individuals with disabilities across the District of

Columbia who have not already been served by the VR agency or who require VR services. DC RSA communicated its plan to conduct surveys of individuals who exit the VR program after eligibility is determined but before an IPE has been developed to determine the reasons why eligible individuals are withdrawing from the VR program. In addition, DC RSA identified the need to assess barriers and challenges to the development of timely IPEs and provide staff training to resolve all identified issues.

In PY 2017, DC RSA reported that 98.2 percent of eligibility determinations were made within 60 days from the date of application. Of those eligibility determinations, 0.9 percent involved an eligibility extension. That same year, DC RSA reported that 75.7 percent of IPEs were developed within 90 days from the date of eligibility determination. DC RSA reported its case management system does not have the ability to track extensions granted for the development of IPEs. Although DC RSA has been under an order of selection (OOS) since FFY 2014, all of its priority categories have remained open.

From FFY 2016 through FFY 2018, the number of individuals with an IPE receiving services remained fairly consistent, increasing slightly from 4,920 individuals to 4,931 individuals. During this same period, the percentage of individuals with an IPE who receive no VR services increased from 18.4 percent for FFY 2016, to 25.2 percent for FFY 2018. DC RSA reported this increase in the percentage of individuals with an IPE who received no services as being partly due to how services are reported in the agency's case management system. Specifically, VR services are not reported until the service has been provided, received, or completed, rather than at the time the service has begun or is being conducted. For example, vocational guidance and counseling is not reported until the individual's case record is closed.

## **VR Services**

**Resources:** Appendix A—Tables 6, 7, and 11

During PY 2017, DC RSA provided VR services to a total of 5,143 individuals. Of those individuals, 29 individuals (0.6 percent) received graduate degree training, 471 individuals (9.2 percent) received bachelor's degree training, 38 individuals (0.7 percent) received junior or community college training, and 197 individuals (3.8 percent) received occupational or vocational training.

Of the 5,143 participants who received VR services during PY 2017, DC RSA reported only 2.7 percent of the participants, or 138 individuals, were eligible for measurable skill gains. Further, DC RSA reported 27 participants, or 19.7 percent of those it reported as eligible for measurable skill gains, achieved a total of 28 measurable skill gains. RSA discussed the discrepancies and inconsistencies with the data reported by DC RSA. As noted previously, DC RSA reported 735 participants, collectively, who received a postsecondary education or training program but identified only 138 individuals as eligible for measurable skill gains. Of the 471 participants who received bachelor degree training, 38 participants who received junior or community college, and 29 participants who received graduate training in PY 2017, DC RSA reported only 23 participants as earning measurable skill gains related to a postsecondary transcript or report card. In addition, of the 197 participants who received occupational or vocational training, DC RSA reported three participants earning measurable skill gains for a training milestone and two

earning measurable skill gains for skills progression. Finally, DC RSA reported serving a total of 1,518 students with disabilities in PY 2017, none of whom was reported as earning measurable skill gains for educational functional level or secondary diploma.

DC RSA attributes the low number and percentages reported for measurable skill gains to the manner in which data is collected and entered into its case management system. In particular, each quarter the staff must manually identify and track participants enrolled in a postsecondary education or training program and verify the necessary documentation has been obtained that would verify the earning of a measurable skill gains before reporting the data in the case management system. DC RSA agreed this process allows for underreported data and data that are subject to validation errors. DC RSA reported it is in the process of working with its case management vendor to identify a better process to collect and report these data.

During PY 2017, DC RSA appeared to underreport or did not provide career and other services, as demonstrated by the RSA-911 report. Of the 5,143 participants who received VR services in PY 2017, DC RSA reported providing vocational guidance and counselling to 57.7 percent of all participants. During this same period, DC RSA reported the following percentages of career and other services to its participants: job placement assistance (38.9 percent), assessment services (9.4 percent), short-term job support (7.3 percent), supported employment services (6.1 percent), benefits counseling (1.7 percent), customized employment services (0.0 percent), and rehabilitation technology (2.9 percent). A more comprehensive list that includes the number of participants and percentages who received training, career, and other services for PY 2017 can be viewed at Table 6 in Appendix A of this report.

DC RSA stated throughout the monitoring process the agency's focus in recent years has been to prepare individuals served by its agency for employment aligned with the local business needs, which includes training in advanced fields. DC RSA explained it does not believe the data reported for the VR services in PY 2017 accurately reflect the services provided by, or in coordination with, VR counselors regarding the individuals who received VR services. DC RSA believes the low percentages of VR services reported was attributed to the process used for entering data in its case management system, as discussed previously. DC RSA has identified the need to further train staff on the coding process and requirements to ensure all services are recorded and accurately reported. Additionally, DC RSA acknowledged staff were not reporting data for services that were funded through comparable benefits or no cost services as explained in PD-16-04, which was in effect at the time of the review and provided instructions for RSA-911 reporting.

### **Quality of Employment Outcomes**

**Resources:** Appendix A—Tables 1, 4, 5, 6, 8, 9, and 10

In PY 2017, 635 individuals exited with competitive integrated employment, 150 of whom achieved supported employment. The median hourly earnings at exit for those who achieved competitive integrated employment was \$13.00 per hour and the median hours worked at exit was 35 hours.

During this same period, DC RSA reported the three most common employment types using the Standard Occupational Classification (SOC) titles for PY 2017 were building and grounds cleaning and maintenance (140 participants), office and administrative support (126 participants), and food preparations and serving (67 participants). Collectively, these accounted for 333 individuals (52 percent) of the 635 participants who achieved employment outcomes in PY 2017. All three occupational categories achieved median hourly earnings of \$12.50, the minimum wage in the District of Columbia for PY 2017.

DC RSA reported that the agency is in the process of developing partnerships with employers across the District and surrounding metro area that recruit for high skilled positions. RSA discussed the need for DC RSA to further explore the local market information (LMI) to identify how the agency can meet the needs of its employers through the individuals it serves and provide the necessary training to VR staff to be knowledgeable of current LMI when providing the necessary vocational guidance and counseling, training, and services to eligible individuals prior to and after the development of an IPE.

### **Pre-Employment Transition Services**

**Resources:** Appendix A—Tables 11 and 12

The total number of students with disabilities reported by DC RSA in PY 2017 was 1,518. Of those students served, 56 or 3.7 percent, received pre-employment transition services, none of which were reported as potentially eligible students with disabilities. DC RSA acknowledged a significant number of students with disabilities received pre-employment transition services but were not formally registered with the agency. Students with disabilities were identified and registered with the agency only after submitting an application for VR services and providing DC RSA with the necessary parental consent if the student was not of age. According to the RSA-911 report, of the 56 students with disabilities who received pre-employment transition services in PY2017, DC RSA reported that the agency provided a total of 160 pre-employment transition services. Of the 160 pre-employment transition services, job exploration counseling accounted for 65.0 percent of all pre-employment transition services followed by work-based learning experiences, which accounted for 16.3 percent. Counseling on enrollment opportunities, workplace readiness training and instruction in self-advocacy accounted for 10.6 percent, 5.0 percent, and 3.1 percent, respectively.

The agency requested technical assistance from the Workforce Innovation Technical Assistance Center (WINTAC) on the RSA-911 reporting and tracking of potentially eligible students with disabilities. Also, DC RSA requested additional technical assistance from RSA and WINTAC on how other VR agencies have developed procedures to obtain the necessary parental consent and documentation to serve students with disabilities in the school systems.

### **C. Internal Controls**

The RSA review team assessed performance accountability in relation to the internal control requirements in 2 C.F.R. § 200.303. Internal controls are a process, implemented by a non-Federal entity, designed to provide reasonable assurances regarding the achievement of objectives in the effectiveness and efficiency of operations, reliability of reporting for internal



and external use, and compliance with applicable laws and regulations. Internal controls are established and implemented as a measure of checks and balances to ensure proper expenditures of funds. Internal controls serve to safeguard assets and prevent fraud, waste, abuse, and mismanagement. They include methods and procedures the grantee uses to manage the day-to-day operations of grant-supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved.

## **Policies and Procedures**

Prior to the on-site monitoring review, RSA requested documentation from DC RSA that outlines its policies and procedures related to the case service records; reporting on the RSA-911; its internal control processes (e.g., ensuring data accuracy, reliability, and timely submission); and a description of the case file (service record) organization or documents used by DC RSA staff to organize case files. DC RSA provided RSA with a description of various parts of its quality assurance (QA) process, including case management, case reporting, case closure policies, quality case review form, and the quality review and supervisory case review instrument for VR counselors.

DC RSA has a Quality Assurance and Compliance Unit (QA Unit) that works in conjunction with its DSA's Quality Assurance and Performance Management Administration (QAPMA) to conduct random case reviews on a monthly basis with a minimum of six cases pulled from the case management system for each of the VR counselors in the agency. Two cases are assigned to the VR Unit supervisor of the VR counselor, two cases are assigned to another VR Unit supervisor and two cases are reviewed by the QA Unit. The QA Unit consists of a Training Specialist, Program Analyst, QA Supervisor and QA Internal Monitors. In addition, VR supervisors, VR Specialists and Rehabilitation Assistants assist the QA Unit with reviews.

The QA Unit uses a quality review instrument to complete its monthly case reviews. The QA Unit tallies the case review results and completes a summary report of the findings, which are submitted to the Deputy Director of Program Services and all VR Unit Supervisors within 10 business days of the completion of the review. Once the summary report of findings has been issued, management and their designees, with technical assistance from the QA unit when requested, develop and implement an action plan for quality improvement for areas identified during the case service record review.

The RSA review team found that DC RSA case management policies and standard operating procedures (SOP) were updated a few months prior to the on-site monitoring review. Under the SOP, DC RSA planned to assign two positions within QAPMA exclusively to the data elements collected for the RSA-911 report, data applicable to the common performance indicators, and overall data integrity. Staff assigned to these two positions would be responsible for random sampling of data, obtaining post-exit wage and credential attainment data, verifying documentation of data, verifying accuracy of documentation of data with dates in the case management system, and conducting targeted case reviews. DC RSA informed RSA that the agency was still in the process of revising its policies and SOPs with assistance from the WINTAC and several policy updates were in process at the time of the review.

DC RSA shared its revised web-based case review instrument using screen shots of the 13 items assessed for each case service record reviewed. In addition, the agency shared an example of a summary produced for one of the reviewed district offices. Scores are determined on a pass/fail basis and the reviewer can include additional comments based on issues observed.

### **Service Record Review**

The RSA review team randomly selected 20 service records of participants who exited with competitive integrated employment or supported employment and 20 service records of participants who earned measurable skill gains to verify that the service records contained documentation supporting data reported by the VR agency on the RSA-911. The results of that review are summarized in Appendix B. Of the service records reviewed for individuals who received an employment outcome, four of 20 of the service records, or 20 percent, had all required documentation, while 80 percent included some discrepancies or did not have all required documentation. Of the 20 service records reviewed for individuals who achieved measurable skill gains, seven service records, or 35 percent, had all required documentation, while 65 percent included some discrepancies or did not have all required documentation.

Of the 20 service records reviewed for individuals who achieved competitive integrated employment or supported employment outcomes, 75 percent had documentation in the service record verifying the date of application reported on the RSA-911 and 95 percent of the service records included sufficient documentation verifying the date of eligibility. Documentation was present in 17 (85 percent) of the service records reviewed for the date of the most recent IPE. Six (30 percent) of the service records reviewed contained documentation verifying the reported start date in the individual's primary occupation. Adequate documentation verifying the employment outcome at exit was present in four (20 percent) of the service records reviewed. Supporting documentation was present for eight (40 percent) of the service records reviewed for hourly wage at exit. For the type of exit, adequate documentation was present in 12 (60 percent) of the service records and the date of exit contained adequate documentation in 16 (80 percent) of service records reviewed.

Of the 20 service records reviewed for individuals with measurable skill gains, 14 (70 percent) included adequate supporting documentation of the date for the initial VR service on the IPE as reported on the RSA-911. Regarding the date reported on the RSA-911 as the date enrolled during program participation in an education or training program leading to a recognized postsecondary credential or employment, seven (35 percent) of the service records had the required documentation.

Additionally, the service records reviewed included verification of the types of measurable skill gains attained, such as educational functioning level, secondary transcript/report card, postsecondary transcript/report card, training milestone, and skills progression. Of the service records that indicated participants achievement of a measurable skill gains through postsecondary transcript/report card, nine of 19 records had the required documentation. Two of the service records reviewed indicated participants' achievement of a measurable skill gains for a training milestone; however, neither of these two service records contained the required documentation.

## **D. Findings and Corrective Actions**

RSA's review of the performance of DC RSA in this focus area resulted in the identification of the following findings and the corresponding corrective actions to improve performance.

### **2.1 Internal Controls**

**Issue:** Did DC RSA maintain effective internal control over the Federal award to provide reasonable assurance that DC RSA was managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award.

**Requirement:** A State VR agency must assure, in the VR services portion of the Unified or Combined State Plan, that it will employ methods of administration that ensure the proper and efficient administration of the VR program. 2 C.F.R. § 200.303 requires that VR agencies develop an internal controls process to provide a reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, reliability of reporting for internal and external use; and that is established and implemented as a measure of checks and balances to ensure proper expenditures of funds, including the evaluation and monitoring of compliance with statutes, regulations and the terms and conditions of Federal awards.

Additionally, 2 CFR §200.303, among other things, requires a non-Federal entity to—

- Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and the Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards;
- Evaluate and monitor the non-Federal entity's compliance with statutes, regulations, and the terms and conditions of Federal awards; and
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

An internal control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or correct processes that might lead to non-compliance with Federal and State requirements.

Pursuant to 34 C.F.R. § 361.47(a), VR agencies must maintain for each applicant and eligible individual a record of services that includes, to the extent pertinent, documentation including, but not limited to, the individual's application for VR services, the individual's IPE, and information related to closing the service record of an individual who achieves an employment outcome. Further, VR agencies, in consultation with the State Rehabilitation Council, if the State has such a Council, must determine the type of documentation that the VR agency must maintain for each

applicant and eligible individual in order to meet these requirements in accordance with 34 C.F.R. § 361.47(b).

In accordance with 34 C.F.R. § 361.45(a), the VR services portion of the Unified or Combined State plan must assure that an IPE meeting the requirements of this section and 34 C.F.R. § 361.46 is developed and implemented in a timely manner for each individual determined to be eligible for VR services or, if the DSU is operating under an order of selection pursuant to 34 C.F.R. § 361.36, for each eligible individual to whom the State unit is able to provide services; and that services will be provided in accordance with the provisions of the IPE. In addition, under 34 C.F.R. § 361.45(e), the IPE must be developed as soon as possible, but no later than 90 days after the date of eligibility determination, unless the State unit and the eligible individual agree to the extension of that deadline to a specific date by which the IPE must be completed.

Pursuant to 34 C.F.R. § 361.56, the service records for individuals who have achieved an employment outcome may be closed only if: an employment outcome described in the individual's IPE in accordance with 34 C.F.R. § 361.46(a)(1) has been achieved and is consistent with an individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice; the employment outcome is maintained for an appropriate period of time, but not less than 90 days to ensure stability of the employment outcome and the individual no longer needs VR services; the outcome is considered to be satisfactory and agreed to by the qualified rehabilitation counselor employed by the DSU and the individual who must agree that they are performing well in the employment; and the individual has been informed of post-employment services through appropriate modes of communication. Under 34 C.F.R. § 361.47(a)(15), prior to closing a service record, VR agencies must maintain documentation verifying that the provisions of 34 C.F.R. § 361.56 have been satisfied. More specifically, under 34 C.F.R. § 361.47(a)(9), VR agencies must maintain documentation verifying that an individual who obtains employment is compensated at or above minimum wage and that the individual's wage and level of benefits are not less than that customarily paid by the employer for the same or similar work performed by individuals without disabilities.

**Analysis:** RSA found several areas of concern that fall within the area of internal controls. These concerns are identified below.

#### Internal Controls for Case File Documentation

DC RSA's internal controls did not ensure that case files adhered to the record of service requirements in 34 C.F.R. § 361.47. Specifically, in fulfilling these requirements, the internal controls did not ensure that DC RSA adhered to the requirements for closing the record of services of an individual who has achieved an employment outcome pursuant to 34 C.F.R. § 361.56.

During the service record review, RSA observed 14 service records, or 65 percent of all service records reviewed, did not include sufficient documentation to substantiate the individual's start date of employment in the primary occupation at exit or closure. The service records reviewed lacked documentation regarding the individual's primary occupation, the actual date employment was obtained, the position title, hourly wage or salary, name of employer or the location of employment.

In addition, 12 service records, or 60 percent of all service records reviewed, did not include documentation that verified the hourly wage of the individual at the time of exit. In most cases, RSA observed the service records did not document any follow up by the VR counselor with the individual to verify the individual's wage or seek other forms of verification prior to closing the individual's case record and relied on the self-report of the individual or another source, usually from an earlier date or at the time employment was first reported.

In addition, 16 service records, or 80 percent of all service records reviewed, did not include sufficient documentation to substantiate the individual's employment status at the time of exit. RSA could not find any documentation that the VR counselor verified the individual remained employed before DC RSA closed the service record. In these instances, RSA observed that the service records reviewed lacked documentation to support that VR counselors verified that the individual maintained employment for at least 90 days and that the placement continued to be stable at the time of closure, as required at 34 C.F.R. § 361.56(b). Furthermore, RSA observed documentation in these service records did not sufficiently verify whether the individual needed VR services, the individual and VR counselor considered the employment outcome to be satisfactory, and that both agreed the individual was performing well in employment, in accordance with 34 C.F.R. § 361.56(c). Additionally, four service records, or 20 percent of the service records reviewed, did not include a signed closure letter in the service record or include a closure date in the management system that matched the dates reported on the RSA-911 report.

DC RSA must maintain documentation in the case service record to verify the accuracy of data reported in accordance with 34 C.F.R. §§ 361.40 and 361.47(a). In the majority of 20 service records reviewed, DC RSA did not maintain sufficient supporting documentation that substantiated the data reported to RSA. Therefore, without the proper supporting documentation in the case service records to validate the data elements, RSA was unable to verify the data elements reported on the RSA-911 were accurate, including the date VR services began under the IPE, start date of employment, weekly earnings, and the employment outcomes at case closure or exit.

#### Untimely Development of the IPE

As part of the monitoring process, RSA analyzed the length of time it took for DC RSA to develop IPEs from the date of eligibility determination to the initiation of VR services. In PY 2017, of the 2,936 individuals whose IPEs were developed, 714 individuals, or 24.5 percent, did not have their IPEs developed within the Federally required 90-day period. In accordance with 34 C.F.R. § 361.45(a), the VR services portion of the Unified or Combined State plan must assure that an IPE meeting the requirements of this Section and 34 C.F.R. § 361.46 is developed and implemented in a timely manner for each individual determined to be eligible for VR services or, if the DSU is operating under an order of selection pursuant to 34 C.F.R. § 361.36, for each eligible individual to whom the State unit is able to provide services; and that services will be provided in accordance with the provisions of the IPE. In addition, under 34 C.F.R. § 361.45(e), the IPE must be developed as soon as possible, but not later than 90 days after the date of eligibility determination, unless the State unit and the eligible individual agree to an extension of that deadline to a specific date by which the IPE must be completed.

### Accurate Reporting of Measurable Skill Gains

DC RSA did not submit accurate data reports pursuant to 34 C.F.R. § 361.40. For PY 2017, DC RSA reported 27 participants earned a total of 28 Measurable Skill Gains. The number of participants, 27 individuals, represent 19.7 percent of all participants reported eligible to earn a measurable skill gain in PY 2017.

During the service record review, RSA observed deficiencies in the reporting of the start date of initial VR services on or after the IPE was approved, the enrollment date in an education or training program leading to a recognized postsecondary credential or employment, and the date of the most recent measurable skill gain category. The primary issue observed during this area of service record review was not having proper documentation to substantiate the reported skill gains earned, as reported on the RSA-911 report.

In addition, RSA observed the date reported for the achievement of measurable skill gains did not correspond to the date of the supporting documentation when documentation was available in the service record. Of the 20 service records reviewed for participants who earned one or more measurable skill gains, 14 service records, or 70 percent, included one or more deficiencies with the required supporting documentation or incorrect dates when compared to the case management system and the RSA-911. Specifically, six of the 20 service records, or 30 percent, had discrepancies in terms of the start date of the initial VR service after the approval of the IPE, and 13 of 20 service records (65 percent) were identified as having discrepancies concerning the date the participant was enrolled in an education or training program leading to a recognized postsecondary credential or employment. In addition, 11 (55 percent), of the measurable skill gains reported for the 20 service records reviewed contained discrepancies in the dates reported or insufficient supporting documentation within the service record.

### Internal Control Policies and Procedures

RSA reviewed DC RSA's policies and procedures governing its internal controls and found its procedures inadequate and incomplete. DC RSA informed the review team during the on-site process that its written SOP for ensuring compliance and quality review had been revised and therefore, the SOP provided to RSA as part of the documentation request in preparation for the review was no longer in effect. During the on-site portion of the review, DC RSA notified RSA it had developed a more robust case record review process that would allow for more service records to be reviewed through its case management system. DC RSA did not have any written procedures for this review process, but did provide RSA a screen shot of the review questions and an example summary and data of cases reviewed. Further, DC RSA's SOP for case record documentation was in draft status and consisted of a replication of RSA's case record review instrument and the guidance issued by RSA in March 2017, Supporting Documentation for Case Service Report (RSA-911) Documentation Guidance.

**Conclusion:** RSA determined that, at the time of the review, DC RSA had not established and maintained effective internal control over its Federal award that provided reasonable assurance that the non-Federal entity was managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. As a result of the analysis, RSA determined that DC RSA's internal controls did not ensure the service record requirements at 34

C.F.R. § 361.47 were met. Specifically, DC RSA’s internal controls did not ensure the requirements were met for the development of the IPE pursuant to 34 C.F.R. § 361.45, and for closing the record of services of an individual who has achieved an employment outcome pursuant to 34 C.F.R. § 361.56. DC RSA must develop and implement internal controls that ensure the proper and efficient administration of the VR program, including those necessary to submit accurate and reliable data reports with required documentation to verify its data for the VR and Supported Employment programs. In addition, DC RSA must develop a system of internal controls to evaluate and monitor its performance for continual improvement and compliance.

**Corrective Action 2.1:** RSA requires that DC RSA—

- 2.1.1 Develop internal control policies and procedures to ensure that the provisions of 34 C.F.R. § 361.47 have been met, and through service record documentation, the requirements at 34 C.F.R. § 361.45 for development of an IPE, and 34 C.F.R. § 361.40 and RSA PD-19-03 (now in effect for the reporting of RSA-911 data since July 1, 2020) for the accurate reporting of its data are met;
- 2.1.2 Assess and evaluate current procedures for tracking and monitoring VR counselor performance and efficient practices used by high performing VR counselors and supervisors, including the use of case management tools, to ensure timely IPE development, verify supporting documentation requirements, and the verification of employment;
- 2.1.3 Develop mechanisms to collect and aggregate the results of these reviews and use the results to inform and conduct necessary training and evaluation of staff; and
- 2.1.4 Assess the results of the policies and procedures governing its internal control procedures to ensure compliance with the reporting of data.

**VR Agency Response:** DCRSA has no response at this time.

**VR Agency Request for Technical Assistance:** Yes, to ensure compliance.

**Finding 2.2 Residency Requirement**

**Issue:** Is DC RSA out of compliance with Section 101(a)(12) of the Rehabilitation Act and 34 C.F.R. § 361.42(c) of the VR program regulations, which prohibit a DSU from imposing a duration of residence requirement that excludes from services any applicant who is present in the State as part of its eligibility determination process.

**Requirement:** Pursuant to 34 C.F.R. § 361.42(c)(1), the VR services portion of the Unified or Combined State Plan must assure that the State unit will not impose, as part of determining eligibility under this section, a duration of residence requirement that excludes from services any applicant who is present in the State. The designated State unit may not require the applicant to demonstrate a presence in the State through the production of any documentation that under State or local law, or practical circumstances, results in a de facto duration of residence requirement.

**Analysis:** DC RSA policies for eligibility (2019-RSA-POL002-Eligibility), implemented on February 25, 2019, state that the agency does not have a duration of residency requirement for

applicants as part of its eligibility determination process. Specifically, the eligibility policy at section IV(A)(1)(c) for eligibility states “the Agency shall not require the applicant to demonstrate a presence in the District of Columbia through the production of any documentation that would impose a duration of residence requirement.” In addition, this policy also states, “DCRSA shall provide services to all eligible persons who are present and available in the District of Columbia. People are considered present in D.C. if they are available to receive services.” Although these policies are consistent with the Rehabilitation Act and its implementing regulations, DC RSA contradicts its policies with additional policies and through its procedures. Specifically, DC RSA eligibility policy at section VI(A)(2), requires applicants to live in the District of Columbia prior to being determined eligible for services, stating “DCRSA does not impose any duration of residence requirement, however a person must live in the District of Columbia to receive services.”

During the review process, DC RSA provided RSA its intake form for applicants of the VR program. The Intake form requests all applicants to bring documentation at the time of the initial intake that would verify the individual is a resident of the District of Columbia, which include “a photo identification card (DC resident card or driver’s license)” and “proof of residency in the District of Columbia,” among other formal documents. During the on-site portion of the review, DC RSA staff confirmed formal documentation is required by all applicants that identify the applicant is a resident of the District of Columbia before eligibility is determined. DC RSA indicated that the agency does not believe it imposes any duration of residency requirements for applicants by requiring formal documentation or verification showing the individual is a resident of the District of Columbia, but rather that the applicant is present to receive services.

**Conclusion:** DC RSA is not in compliance with 34 C.F.R. § 361.42(c)(1) which prohibits a DSU from requiring the applicant demonstrate a presence in the State through the production of any documentation that results in a de facto duration of residency requirement.

**Corrective Action 2.2:** RSA requires that DC RSA—

- 2.2.1 Revise DC RSA’s policies and procedures requiring applicants or eligible individuals to produce documentation or otherwise prove residency in the District of Columbia so that these policies are in compliance with 34 C.F.R. § 361.42(c)(1);
- 2.2.2 Revise all applicable forms and resource material that require documentation of the applicant’s residency in the District of Columbia and ensure its distributed to the offices, one-stops and other stakeholders; and
- 2.2.3 Conduct training for all staff on the new policies and procedures.

**VR Agency Response:** DCRSA has no response at this time.

**VR Agency Request for Technical Assistance:** Yes, to ensure compliance.

### **E. Technical Assistance**

In the course of conducting monitoring activities, RSA provided technical assistance to DC RSA as described below.



## Internal Controls

RSA identified and discussed multiple concerns with DC RSA's lack of internal control processes to ensure its data are accurate and supported by the required documentation in the agency's case management system and service records. RSA clarified that the need to provide accurate data supported by documentation is not only a requirement of Federal grant awards and regulations, but essential to public and Congressional reporting. In addition, submission of timely and accurate data is an essential element of the performance indicators that may otherwise lead to sanctions to the District of Columbia pursuant to Section 116(d)(5) and (e) of WIOA and RSA PD-17-01.

RSA reviewed DC RSA's policies and procedures governing its internal controls for data collection, reporting, and procedures for ensuring accurate performance data. RSA discussed with DC RSA the need to improve internal controls to ensure accurate, valid, and reliable data, as required by 34 C.F.R. § 361.40 and 2 C.F.R. § 200.303. During the review, DC RSA reported a significant reliance on its case management system's edit checks for errors, which are conducted on a quarterly basis by the vendor of the case management system. In addition, DC RSA relies on its VR counselors to report on a quarterly basis relevant data specific to the performance indicators in its WIOA Common Performance Measures form in its case management system. This process involves the VR counselor manually identifying and reporting all data necessary to report each of the performance indicators.

RSA communicated that DC RSA needed to develop more comprehensive systems that ensure proper internal controls are in place. RSA further explained that internal controls procedures must go beyond checking for data errors and consistency issues and must verify the data are accurate and supported with documentation in the case record that aligns with the correct dates reported. In addition, the data must align with a case record's financial information, which is handled separately by its fiscal unit.

RSA informed DC RSA of the need to develop a more comprehensive case review process to determine if data are accurate and verified with supporting documentation. DC RSA routinely reviews 13 elements of a case record and each element is identified as either "pass," "fail," or "N/A." Although several of the elements review whether the case record has the proper documentation, such as signed application, eligibility letter, and approved IPE, there are significant areas of a case record that are not reviewed as part of the VR agency's review process and these were identified by RSA as a deficiency during RSA's case review. For example, none of the required elements for the performance indicators was reviewed to ensure case records included the necessary supporting documentation, verified the data reported, or validated the accuracy of the data. In addition, the only employment related element reviewed was verification the employment outcome was in a competitive integrated setting. RSA provided technical assistance that all case reviews should include verification of the start date of employment, the employment achieved was consistent with the individual's IPE goal, and verification the individual has retained employment for no less than 90 days and meets the requirements of 34 C.F.R. § 361.56 prior to closing the individual's case record.

Finally, RSA provided technical assistance to DC RSA concerning its lack of written policies and standard operating procedures governing its internal controls for case review processes, case record reviews and its process for submitting its RSA-911 report in an accurate and timely manner.

## **Policies and Procedures**

RSA reviewed and provided DC RSA feedback and guidance related to its policies and procedures governing the process and provisions for VR and supported employment services consistent with applicable Federal requirements of the Rehabilitation Act and 34 C.F.R. parts 361, 363, and 397. RSA provided feedback in the following areas.

Supported Employment: DC RSA's policy (policy number 2019-RSA-POL007) was developed and approved on February 22, 2019, after RSA notified DC RSA of its intention to monitor the agency. While the policy was thorough and comprehensive, DC RSA was not able to provide the review team supporting documentation demonstrating Supported Employment program funds were specifically used for individuals with the most significant disabilities after beginning employment as opposed to services that are provided prior to employment, such as assessment and job development services, or that the agency had the ability to track Supported Employment program funds for youth with the most significant disabilities for the purposes of matching its SE-A (Supported Employment) award.

Appeal Process: DC RSA's policy for due process, (2019-RSA-POL-008), effective February 26, 2019, identifies the applicant or eligible individual's right to mediation, among other due processes, if the individual is dissatisfied with a decision by the agency. During the review process, RSA consulted with the Client Assistance Program designated in the District of Columbia as part of the review process and the Client Assistance Program reported that DC RSA did not have mediators available prior to requesting a fair hearing through the District of Columbia's Office of Administration Hearings (OAH). Although DC RSA's due process policy states that an individual may "request mediation or an impartial due process hearing with the D.C. OAH", the Client Assistance Program clarified the individual must request a hearing with OAH before being offered the opportunity for mediation. Pursuant to 34 C.F.R. § 361.57(b)(1)(ii)-(iv), the applicant or recipient of services, or representative, as appropriate, must be notified of the right to pursue mediation with respect to a decision made by the designated State unit, the names and addresses of individuals with whom the request for mediation or due process hearings may be filed, and the manner in which a mediator or impartial hearing officer may be selected, consistent with 34 C.F.R. § 361.57(d).

Pre-Employment Transition Services: DC RSA developed and implemented its pre-employment transition policies on February 25, 2019 (policy number 2019-RSA-POL004). DC RSA's pre-employment transition services policy states that pre-employment transition services shall be discontinued once an individual no longer satisfies the definition of a student with a disability regardless of whether the services were identified on the individual's IPE. RSA clarified that while pre-employment transition services may not be provided or reported once the individual no longer meets the definition of a student with a disability, VR services that are similar to each of the required activities may be provided if identified on the individual's approved IPE in accordance with 34 C.F.R. § 361.48(b).

## **Planning and Improvement of Performance**

RSA provided guidance to DC RSA on its need to develop and implement a plan to improve performance based on comprehensive succession planning, staff development and training, and consistent enforcement of all Federal requirements governing the reporting of data. During the review process, RSA observed significant deficits across multiple areas of the agency that affect performance-related matters, including its inability to apply and implement guidance issued by RSA, training and other resources provided to DC RSA over the years in the form of webinars and conferences, technical assistance provided over the phone, through emails and other documentation, and technical assistance circulars (TACs) necessary to develop and implement adequate standard operating procedures that are supported by agency-wide internal controls. In addition, DC RSA discussed direct training provided by WINTAC on at least three separate occasions regarding the performance requirements under WIOA, but the VR agency did not develop a SOP to accurately track the attainment of a recognized postsecondary education or training credential or the achievement of measurable skill gains. Furthermore, its SOP for case record documentation requirements was in draft status and was a replication of the guidance RSA issued in the spring of 2017. The procedures for submitting the VR agency's RSA-911 report was a technical crosswalk document for its case management system. Further, DC RSA did not have updated policies or procedures for its current case review process.

DC RSA has reported its inability to consistently retain staff at all levels of the agency, leading to the need to re-educate its staff routinely. RSA recommended DC RSA develop comprehensive SOPs followed up by regular training across the agency to ensure all staff are following the same processes that are reviewed and enforced. In addition, RSA recommended that the VR agency train multiple individuals to carry out the duties for positions critical to the functioning of the agency, such as the reporting of data for Federal reports and to ensure the continuation of its operations without a decline in knowledge should the agency continue to experience turnover of its staff.

## **Tracking of Students with Disabilities**

RSA provided DC RSA guidance on the tracking of students with disabilities potentially eligible for VR services that receive pre-employment transition services. RSA reviewed the data reported by DC RSA through the RSA-911 report for PY 2017, including the number of students with disabilities who received pre-employment transition services, students potentially eligible for VR services and students reported as applicants or eligible for VR services. Although DC RSA reported it had served over 2,600 students with disabilities in PY 2017, data reported to RSA indicated only 56 students with disabilities were reported as receiving pre-employment transition services, none of whom were identified as potentially eligible for VR services. Discussions during the review process revealed this discrepancy was due to the agency failing to understand the requirements for reporting pre-employment transition services and its misunderstanding of the tracking of data for potentially eligible students. RSA provided technical assistance on the reporting requirements for students with disabilities and discussed remedies to appropriately track all students with disabilities who receive pre-employment transition services. This area is discussed further under Section 3 of this report.

## Documentation and Resources

RSA provided DC RSA resources and reviewed pertinent regulations during the monitoring process:

- RSA reviewed 2 C.F.R. § 200.303 and provided possible methods to improve the agency's internal controls process and tracking of cases;
- RSA reviewed 34 C.F.R. § 361.47 and provided technical assistance on maintaining required supporting documentation in the case service records;
- RSA provided technical assistance to agency staff to ensure the accurate collection and reporting of all data elements required for the RSA-911 report, in accordance with RSA-PD-16-04 and RSA-PD-19-03;
- RSA reviewed RSA-TAC-17-01 and RSA-TAC-19-01 with the agency to provide technical assistance on the requirements and definition for the performance indicators and the new reporting requirements for the RSA-911 report, in accordance with RSA-PD-19-03;
- RSA provided and discussed the joint RSA/WINTAC Measurable Skill Gains Guide for State VR Agencies;
- RSA provided and discussed the joint RSA/WINTAC Credential Attainment Guide for State VR Agencies;
- RSA provided and discussed the RSA/WINTAC Effectiveness in Serving Employers Crosswalk;
- RSA, in collaboration with WINTAC, provided technical assistance in the area of attrition rates and how the agency can use the reason for the exit as an outreach strategy;
- RSA explained the definitions of reportable individuals, participants, and exiter for the purposes of the performance indicators;
- RSA provided technical assistance to the agency in assessing and evaluating procedures for tracking and monitoring counselor performance and efficient practices to ensure timely IPE development, including the use of case management tools for, and supervisory review of, timely IPE development, and strategies to improve VR counselor performance specific to timely IPE development;
- RSA provided the Program Manager for the Transition Unit technical assistance regarding the reporting requirements for students with disabilities who are potentially eligible for VR services receiving pre-employment transition services so services can be accurately tracked on the RSA-911 reports;
- RSA provided DC RSA employment data, including the annual employment rates, for the past ten years and emphasized the usefulness of these data in evaluating performance improvement; and
- RSA reviewed and explained some key issues identified in DC RSA's PY18 Q2 dashboard that the agency may use to analyze further improvement of performance.

## **SECTION 3: FOCUS AREA –PRE-EMPLOYMENT TRANSITION SERVICES FOR STUDENTS WITH DISABILITIES**

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### **A. Purpose**

The Rehabilitation Act, as amended by Title IV of WIOA, places a heightened emphasis on the provision of services, including pre-employment transition services under Section 113, to students with disabilities to ensure they have meaningful opportunities to receive training and other VR services necessary to achieve employment outcomes in competitive integrated employment. Pre-employment transition services are designed to help students with disabilities to begin to identify career interests that will be explored further through additional vocational rehabilitation services, such as transition services. Through this focus area, the RSA review team assessed the VR agency's performance and technical assistance needs related to the provision of pre-employment transition services to students with disabilities.

### **B. Implementation of Pre-Employment Transition Services**

The VR agency must consider various requirements in providing or arranging for the provision of pre-employment transition services for students with disabilities under Section 113 of the Rehabilitation Act and 34 C.F.R. § 361.48(a). Students with disabilities may receive pre-employment transition services as either potentially eligible or eligible individuals for the VR program. A discussion of DC RSA's service delivery system and the implementation of pre-employment transition services follows.

#### **Structure of Service Delivery**

DC RSA reported that all five of the required activities are provided district-wide to students with disabilities by its staff, CRPs, local educational agencies (LEAs), and employers. The agency uses the following contracts for the provision of pre-employment transition services:

- Memoranda of understanding (MOU) with LEAs;
- Memoranda of agreement (MOA) with public charter schools; and
- Human care agreements (HCAs) with service providers.

DC RSA reported pre-employment transition services and pre-employment transition services coordination activities are provided directly by VR staff to individual and groups of students. Staff time is recorded on timecards using the agency combo code, which identifies all pre-employment transition services. For pre-employment transition services provided to groups, a student sign-in sheet is completed to document the student's participation in the required activity. If the student is an applicant or individual eligible for VR services, a case note is entered into the case management system by staff for each student. DC RSA reportedly provides required activities to potentially eligible students through direct provision of services by its staff and through its contracts, and DC RSA relies on the schools and its providers to refer only students with disabilities for pre-employment transition services. If a student does not provide parental consent, no supporting documentation or identifying information about the student is collected, including the data elements required for the RSA-911 report. If a student requires individual VR

services, such as transportation or equipment, the VR counselor will request the student obtain parental consent and submit an application for VR services. Students with disabilities who provide parental consent are registered as applicants and maintained in the agency's case management system. Students with disabilities who do not provide parental consent are considered potentially eligible and may continue to receive pre-employment transition services but are not registered in the case management system since no supporting documentation or identifying information is collected. Rather, the pre-employment transition services provided are tracked in an internal database without being tracked to the individual student. In these situations, the students would sign tracking sheets as "Student 1," "Student 2," etc. according to the required activity provided.

DC RSA reported it served over 2,600 students with disabilities based on data collected using its internal database. Despite DC RSA reporting it provided pre-employment transition services to a significant number of students with disabilities, according to the RSA-911 report for PY 2017, it served a total of 56 students.

DC RSA also provides pre-employment transition services through an MOU with District of Columbia Public Schools (DCPS) to provide pre-employment transition services. This MOU also covers the St. Coletta public charter school. The MOU allows DC RSA to transfer funds to DCPS to hire workforce development coordinators and a job placement specialist, who are assigned to a specific public school. Workforce development coordinators and the job placement specialist salaries are fully funded through the contract by DC RSA, but all administrative oversight of staff is directly supervised by DCPS. DC RSA also reported that 100 percent of the contract funds are attributed to the 15 percent reserve, although it was noted that the contracted staff also provided direct job placement services and job coaching to individuals who were not identified as students with disabilities.

DC RSA VR specialists are assigned to specific public schools to identify potentially eligible students with disabilities and ensure pre-employment transition services are provided. The MOU with DCPS in effect during the period of review stated that DC RSA VR specialists were to be available at the schools on a regular schedule to conduct intake interviews, meet with students to complete a comprehensive assessment, provide guidance and counseling to students who have been found eligible for services, provide job readiness workshops for eligible and potentially eligible students, attend IEP meetings, and meet with appropriate staff to discuss progress of eligible students in developing transition plans and progress toward the achievement of goals identified in the IPE. The frequency and schedule of the VR specialists' attendance at each school was determined by the VR specialist, their supervisor, and the workforce development coordinator at the school. The MOU also stated that DCPS will collaborate with DC RSA to provide at least one pre-employment transition services required activity to 75 percent of students between the ages of 14 – 22 who are eligible or potentially eligible for VR services but does not account for the other 25 percent of the students with disabilities. VR specialists' time is tracked through PeopleSoft, which records the approved time that employees spend providing pre-employment transition activities.

Additionally, DC RSA entered a MOA with District of Columbia Public Charter Schools to provide pre-employment transition services. At the time of the on-site review, Washington Latin's MOA had been executed and 17 others were still in draft status. The VR specialist

assigned to each charter school is responsible for identifying potentially eligible students with disabilities and for the provision of pre-employment transition services.

Further, DC RSA entered into HCAs with service providers (e.g., School Talk, DC Special Education Cooperative, and Saint John's Community Services) for the purpose of providing pre-employment transition services to students with disabilities in the District of Columbia. The HCAs developed for School Talk and Saint John's Community Services use a similar template that outlines the services to be provided by the provider. Services are paid on a fee-for-service basis and include the following scope of services: benefits planning, job develop and job placement services, supported employment services, discover assessments, customized employment, trial work evaluations, supported employment and non-supported employment job coaching, and job readiness training. The DC Special Education Cooperative includes a different scope of services that are structured on a set annual rate paid in monthly installments. The contract identifies services as "Secondary Transition Coordination Services" and includes a base year cost of \$125,000.00 with four optional years that increase annually. Specifically, the contractor is responsible "to provide and advise schools on the provision of Secondary Transition Services as defined in the Individuals with Disabilities Education Act 20 U.S.C. § 1400 et seq (IDEA), which is a coordinated set of activities designed to facilitate a student's movement from school to post-school activities and based on the student's needs, strengths, preferences and interests. Transition services include instruction, related services, community experiences, the development of employment and other post-school living objectives, and when appropriate, acquisition of daily living skills and functional vocational evaluation. 20 U.S.C. § 1401(34)." DC RSA reported all funds expended on HCA contracts are counted towards the 15 percent reserve.

RSA reviewed multiple invoices from several HCAs for the provision of pre-employment transition services and observed the invoices do not differentiate services as required activities or authorized activities, but rather list all activities provided for the month and the amount due. For example, one invoice listed required activities, such as work readiness services, but also included services for the collaboration with interagency partners; website updates and website management; and coordination, planning and evaluation of a conference open to District of Columbia public school students (\$36,294.23 for the month). In addition, the invoices do not include the number of students who received services, time spent on activities, or the amount allocated to each service. Some of the services listed and charged to DC RSA appear to be services required by the school under IDEA and non-delegable functions of the VR agency. For example, services listed in one invoice included: attending monthly meetings with the VR agency; working with the District of Columbia local workforce development board, one-stop centers and employers; providing training and support for school staff and providing training to school staff responsible for providing transition services, including the development of transition plans; developing and maintaining data outcomes, and developing a data system to track coordination activities with schools; and enlisting assistance of a community service provider to aid in securing an employer-based paid work experience opportunity for persons referred by the District of Columbia (\$39,167.68 for the month).

The draft pre-employment transition services SOP states that pre-employment transition services provided by agency providers are to be tracked on a sign-in sheet and through invoices and required service provision reports submitted to DC RSA. The draft SOP also states that pre-employment transition services must be documented and invoiced in a manner that clearly

identifies services separate and distinct from other VR services, including transition services, for the purpose of required data collection. Purchase orders designated exclusively for the provision of pre-employment transition services must be labeled to ensure appropriate tracking of pre-employment transition services.

### **Outreach and Planning for the Delivery of Pre-Employment Transition Services**

DC RSA reported continued expansion of the delivery of pre-employment transition services and that it served a total of 2,608 students in the 2017-2018 school year. For PY 2017, a total of 1,518 students with disabilities were reported on the RSA-911. Of these students with disabilities, DC RSA reported providing pre-employment transition services to 56 students with disabilities. None of these students served were reported as being potentially eligible. According to the data reported on the RSA-911, DC RSA purchase pre-employment transition services for four of the 56 students served; with the remainder of the five required activities provided through its staff.

The minimum age for the provision of transition services in the District of Columbia is 14 years and the maximum age for the receipt of services under IDEA by students with disabilities is 22 years. The student may continue receiving services under IDEA for the semester in which the student turns 22 years old. Previously, LEAs were required to include appropriate secondary transition planning goals and assessments in the first IEP in effect after a student with a disability reached 16 years of age or earlier if the IEP Team deemed it appropriate. As of July 1, 2018, per the Enhanced Special Education Services Act of 2014, the age for this requirement was broadened to require secondary transition planning for students with disabilities who reach 14 years of age. The new secondary transition requirement applies to students with disabilities age 14 and older as of July 1, 2018.

### **State Educational Agency (SEA) Agreement**

DC RSA has had a State educational agency (SEA) agreement in place with the Office of the State Superintendent of Education (OSSE) since 2013 and reported that it is in the process of revising it based on changes made by WIOA. RSA reviewed the draft agreement of May 31, 2018, and noted that it is in line with the requirements of 34 C.F.R. § 361.22(b), which include coordination of documentation requirements and contracting limitations for educational agencies imposed by Section 511 of the Rehabilitation Act; however, reportedly it has not been signed or implemented due to a conflict related to a data sharing agreement. The review team encouraged the agency to remove the language related to the data sharing agreement from the SEA agreement since this is not a requirement of 34 C.F.R. § 361.22(b) so that the agreement can be implemented. At the time of the submission and approval of the PY 2020 Unified or Combined State Plan, DC RSA did not have a signed SEA agreement but indicated that it would be signed in PY 2020.

Additionally, regarding the SEA agreement, although it does refer to the collaboration that had taken place to develop the Section 511 SOP, the SOP has not been implemented, and the agency said that it was not a priority since the District of Columbia does not provide sub-minimum wage employment. The review team encouraged the agency to implement the Section 511 SOP under 34 C.F.R. § 361.22(b) in order to satisfy documentation requirements set forth in 34 C.F.R. part



397 regarding students and youth with disabilities who are seeking subminimum wage employment.

### **Provision of Pre-Employment Transition Services**

On September 26, 2017, DC RSA provided RSA a draft of the agency's policy for pre-employment transition services. RSA reviewed the agency's draft policy to determine if the provisions appropriately address the requirements under 34 C.F.R. § 361.48(a) and provided feedback to the agency. Subsequently, the policy became effective on February 25, 2019.

DC RSA also provided a draft of its pre-employment transition services SOP to RSA for review and reported in an email on March 15, 2018, that it had included RSA's suggested revisions to the SOP. As of the dates of the on-site review, the SOP had not been implemented and the agency had not operationalized these procedures. RSA encouraged DC RSA to implement the SOP and follow the guidance therein since it had previously been reviewed by RSA and most of the recommendations had been added.

The pre-employment transition services policy and the SOP taken together are a comprehensive guide the agency could use to provide required activities and pre-employment transition services coordination activities. However, the draft SOP contained outdated guidance on the process for determining if the agency can move from required pre-employment transition services to authorized activities. DC RSA reported that it has not implemented a process for determining if the agency can move from required pre-employment transition services to authorized activities though authorized activities were provided by staff and purchased by its providers and counted toward the 15 percent reserve. DC RSA was referred to the WINTAC website for the most up-to-date guidance and encouraged to update the SOP.

### **C. Findings and Corrective Actions**

RSA's review of DC RSA's performance in this focus area resulted in the identification of the following findings and the corresponding corrective actions to improve performance.

#### **3.1 Implementation of Pre-Employment Transition Services**

**Issue:** Did DC RSA maintain effective internal control over the Federal award to provide pre-employment transition services in compliance with Federal statutes, regulations, and the terms and conditions of the award.

**Requirement:** A State VR agency must assure, in the VR services portion of the Unified or Combined State Plan, that it will employ methods of administration that ensure the proper and efficient administration of the VR program. These methods of administration (i.e., the agency's internal controls) must include procedures to ensure accurate data collection and financial accountability (34 C.F.R. § 361.12).

“Internal controls” means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories—

- Effectiveness and efficiency of operations;
- Reliability of reporting for internal and external use; and
- Compliance with applicable laws and regulations (2 C.F.R. § 200.61).

Additionally, 2 C.F.R. § 200.303, among other things, requires a non-Federal entity to—

- Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards;
- Evaluate and monitor the non-Federal entity's compliance with statute, regulations and the terms and conditions of Federal awards; and
- Take prompt action when instances of noncompliance are identified including noncompliance identified in the audit finding.

In accordance with the Uniform Guidance (2 C.F.R. § 200.302(a)), a State's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the award, must be sufficient to permit the—

- Preparation of reports required by general and program-specific terms and conditions; and
- Tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

In its guidance, *The Role of Internal Control, Documenting Internal Control, and Determining Allowability & Use of Funds*, the U.S. Department of Education made clear to grantees that internal controls represent those processes by which an organization assures operational objectives are achieved efficiently, effectively, and with reliable compliant reporting.

Therefore, an internal control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or correct processes that might lead to non-compliance with Federal and State requirements.

**Analysis:** RSA found several areas of concern related to internal controls that fall within the pre-employment transition services focus area. These concerns are identified below.

- a. A Reporting of Pre-Employment Transition Services—DC RSA's contracts (MOUs, MOAs, or HCAs) for pre-employment transition services do not account for pre-employment transition services expenditures in a manner that permits them to report per-student expenditures on the RSA-911. For example, some of DC RSA's contracts (HCAs) for pre-

employment transition services do not differentiate services provided as required activities or authorized activities, and even services that do not fall under either category, but rather list all activities provided for the month and the amount. In addition, the invoice does not include the number of students who received services or time spent on each activity. As a result, DC RSA is unable to identify and track the amounts paid for required and authorized activities and which students received the services.

- b. Provision of VR Services—DC RSA has attributed VR services to the 15 percent reserve. These services include the salary of a fulltime job placement specialist through the DCPS MOU. Other examples of services attributed toward the reserve include the provision of job coaching for students participating in Project Search; the transition coordinator’s salary who identified providing administrative and VR related services as part of her job duties; and other direct job search and placement services.

On February 27, 2020, the U.S. Department of Education published a notice of interpretation in the [\*Federal Register\*](#) announcing a change in policy with respect to additional VR services needed by eligible students with disabilities that may be paid for with Federal VR grant funds reserved for the provision of pre-employment transition services and the circumstances under which those funds may be used to pay for those additional VR services. In pertinent part, the notice made clear that VR agencies can use the reserved funds to pay for coaching services needed by students with disabilities to participate in work-based learning experiences such as those made available to students through Project Search. However, VR agencies cannot use the reserved funds to pay for job coaching services needed by individuals with disabilities following placement in supported employment. Although DC RSA used reserved funds to pay for job coaching initiated before students were placed in supported employment following their involvement in Project Search, the agency could not verify if it did or did not use reserved funds to pay for job coaching services after the students were placed in employment.

- c. Administrative costs—DC RSA does not have a method of tracking administrative costs to keep charges separate from the 15 percent reserve. Since administrative costs must not be charged to the 15 percent reserve, the review team provided technical assistance on the need to track administrative costs so that none are inadvertently charged to the 15 percent reserve. DC RSA does not distinguish between the time charged for the provision of pre-employment transition services by its staff versus time used for administrative services when charging time to the reserve.
- d. Supporting documentation—DC RSA does not maintain documentation to ensure: (1) pre-employment transition services are provided only to students with disabilities, including students who are potentially eligible for VR services, regardless of whether or not the student has applied or been determined eligible for VR services; and (2) that it has obtained information in accordance with PDs 16-04 and 19-03 necessary to complete the RSA-911 reports. DC RSA reportedly provides required activities to potentially eligible students through direct provision of services by its staff, through its contracts (MOUs, MOAs, HCAs) and jointly- funded career fairs without obtaining the necessary supporting documentation, collection of required data, or parental consent. According to DC RSA, data provided to, or directly collected by, staff are tracked as “Student 1,” Student 2,” etc., allowing the agency to

determine the aggregate number of students who received each required activity provided and tracked in its internal database. Nonetheless, DC RSA indicated it does not collect the required data elements for students potentially eligible for services needed to report the specific services purchased or provided by its staff for each student, as required by PDs 16-04 and 19-03.

- e. Availability of services to potentially eligible students—Pre-employment transition services are available to applicants and individuals who are eligible to receive VR services with DC RSA, but these services are not available to all students with disabilities who are potentially eligible for VR services as required by 34 C.F.R. § 361.48(a). DC RSA does not obtain the supporting documentation or parental consent needed to provide or arrange for the provision of pre-employment transition services to students with disabilities who are potentially eligible for VR services.

DC RSA reported difficulty obtaining parental consent from the local schools in the District of Columbia, which inhibits its ability to collect the appropriate documentation for students with disabilities who are eligible or potentially eligible for VR services even though it transfers funds for the employment of three District of Columbia public school staff. Reportedly, once the parental consent and information is obtained on a student, the student is moved into application status while the student continues to receive pre-employment transition services.

**Conclusion:** As described above, DC RSA does not maintain effective internal controls over the Federal award that provide reasonable assurances that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award, as required by 34 C.F.R. § 361.12 and 2 C.F.R. § 200.303. Specific internal control areas of deficiency include the reporting of pre-employment transition services, provision of VR services, administrative costs, and supporting documentation. Collectively, these deficiencies suggest generalized, systemic deficiencies within the agency's control environment. The corrective action steps listed below will support DC RSA in developing its ability to correct processes that have led to the non-compliance findings noted above.

**Corrective Action 3.1:** RSA requires that DC RSA—

- 3.1.1 Revise the MOU with DCPS and the HCA contracts to ensure all pre-employment transition services are provided in accordance with Section 113 of the Rehabilitation Act and 34 C.F.R. § 361.48(a) of the regulations and data is collected in accordance with PD-19-03;
- 3.1.2 Revise the pre-employment transition services policy and the standard operating procedures to ensure that all students with disabilities known to the agency have the required data collected, including the appropriate supporting documentation, before any pre-employment transition services are provided;
- 3.1.3 Provide training to all staff on the new policies and procedures, including data collection requirements and provide evidence to RSA that the above has taken place;
- 3.1.4 Develop the appropriate internal controls to ensure pre-employment transition services are provided only to students with disabilities after obtaining the required data, and all

- required and coordination activities for eligible and potentially eligible students with disabilities are tracked at the individual student level, in accordance with PD 19-03; and
- 3.1.5 Make available and track all required pre-employment transition services activities for students with disabilities throughout the District of Columbia who are potentially eligible for VR services, regardless of whether or not the students have applied or been determined eligible for VR services.

**VR Agency Response:** DCRSA has no response at this time.

**VR Agency Request for Technical Assistance:** Yes, to ensure compliance.

### **Finding 3.2 SEA Agreement**

**Issue:** Does DC RSA have an agreement with the SEA for the District of Columbia.

**Requirement:** Pursuant to Section 101(a)(11)(D) of the Rehabilitation Act and its implementing regulations at 34 C.F.R. § 361.22(b), DC RSA must have an agreement with the SEA to facilitate the transition of students with disabilities from the receipt of educational services, including pre-employment transition services, to the receipt of VR services.

**Analysis:** DC RSA has completed the drafting of a SEA agreement with OSSE, but it has not been signed or implemented due to a conflict related to a data sharing agreement. RSA encouraged DC RSA to remove the language requiring data sharing from the SEA agreement since it is not a requirement of 34 C.F.R. § 361.22(b). DC RSA was encouraged to continue to pursue a data sharing agreement outside the SEA once it has been implemented. Additionally, the review team clarified that the draft SEA agreement will need additional language added describing how the LEA will transmit the required documentation to DC RSA when it becomes aware that a student is seeking subminimum wage employment, and within the required timeframes (34 C.F.R. § 361.22(b)(5) and § 397.30).

**Conclusion:** DC RSA's original SEA agreement has been in place with OSSE since 2013 and the VR agency does not have an updated signed SEA agreement that incorporates the requirements under the Rehabilitation Act following the enactment of WIOA pursuant to Section 101(a)(11)(D) of the Rehabilitation Act and 34 C.F.R. § 361.22.

**Corrective Action 3.2:** RSA requires that DC RSA—

- 3.2.1 Execute a SEA agreement with OSSE pursuant to the requirements of 34 C.F.R. § 361.22; and
- 3.2.2 Provide RSA a copy of the final signed SEA agreement upon its approval and implementation.

**VR Agency Response:** DCRSA has no response at this time.

**VR Agency Request for Technical Assistance:** Yes, to ensure compliance.

#### **D. Technical Assistance**

In the course of conducting monitoring activities, RSA provided technical assistance to DC RSA as described below.

- DC RSA was directed to 34 C.F.R. § 361.48(a) to determine if services provided/purchased are in fact pre-employment transition services activities.
- DC RSA was provided guidance on the process for moving from required to authorized activities. Although DC RSA has been purchasing authorized activities, it has not developed or implemented a method for making a required and coordination set-aside determination to move to authorized activities. Documentation should be maintained in order to demonstrate the agency has met the requirement for the provision of pre-employment transition services required and coordination activities before assigning authorized pre-employment transition services to the pre-employment transition reserved funds. DC RSA was directed to WINTAC's website for further guidance on this matter.
- RSA provided technical assistance on the supporting documentation needed for potentially eligible students receiving pre-employment transition services in order to track the provision of services to each individual student on the RSA-911, and the requirements to obtain parental consent for students who are not of age in the District of Columbia. RSA also advised DC RSA not to provide pre-employment transition services, by staff or agency-funded contracts, unless students with disabilities have all the required information.
- RSA clarified that State VR agencies that reimburse vendors for actual costs through contracts must be able to account for the contract expenditures in a manner that permits the agency to report individual student expenditures on the RSA-911. In addition, the review team clarified if a VR agency develops a contract with a provider for the reimbursement of actual vendor expenses and includes the provision of "required," "coordination," and "authorized" pre-employment transition service activities, the VR agency must ensure there is sufficient information from the vendor to permit allocation of the contract costs to the appropriate service categories (i.e., required and coordination activities, or authorized activities) for reporting purposes. Since only the actual contract expenditures associated with the direct provision of "required" and "coordination:" pre-employment transition services are reported on a per-student basis on the RSA-911, the State VR agency must be able to differentiate those costs from the costs associated with the provision of pre-employment transition "authorized" activities. Therefore, the VR agency must receive data from the vendor regarding each of the categories of pre-employment transition services provided during the billing period, as well as a breakdown of the students who received such services, in order to report the requisite data.
- DC RSA requested technical assistance from WINTAC on the RSA-911 reporting process.

- DC RSA requested additional technical assistance from RSA and WINTAC on how other VR agencies have developed procedures to obtain the necessary parental consent and documentation to serve students with disabilities in the school systems.

## **SECTION 4: FOCUS AREA – FINANCIAL MANAGEMENT OF THE STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS**

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### **A. Purpose**

Through this focus area RSA assessed the financial management and fiscal accountability of the VR and Supported Employment programs to ensure that: funds were being used only for intended purposes; there were sound internal controls and reliable reporting systems; available resources were maximized for program needs; and funds supported the achievement of employment outcomes for individuals with disabilities, including those with the most significant disabilities, and the needs of students with disabilities for pre-employment transition services.

### **B. Scope of Financial Management Review**

During the monitoring process, RSA reviewed the following areas related to financial management and accountability:

#### **Period of Performance**

Period of performance is the time during which the non-Federal entity (grantee) may incur new obligations to carry out the work authorized under the Federal award (2 C.F.R. § 200.77). In order to accurately account for Federal and non-Federal funds, the VR agency must ensure that allowable non-Federal and Federal obligations and expenditures are assigned to the correct FFY award. RSA uses the financial information reported by the grantee to determine each VR agency's compliance with fiscal requirements (e.g., reservation of funds, matching, MOE, etc.). The RSA review team assessed DC RSA's performance in meeting the period of performance requirements related to the proper assignment of obligations and expenditures to the correct grant awards.

#### **VR Program Match**

VR program regulations require that the State must incur a portion of expenditures under the VR services portion of the Unified or Combined State Plan from non-Federal funds to meet its cost sharing requirements (34 C.F.R. § 361.60). The required Federal share for expenditures made by the State, including expenditures for the provision of VR services and the administration of the VR services portion of the Unified or Combined State Plan, is 78.7 percent. The State's share is 21.3 percent. The RSA review team assessed DC RSA's performance in meeting the matching requirements for the VR program, including whether the matching level was met, as well as whether the sources of match were consistent with Federal requirements and any applicable MOE issues.

The RSA review team addressed requirements pertaining to the following sources of non-Federal share used by the State as the match for the VR program:



- State appropriations and interagency transfers;
- Third-party cooperative arrangements (TPCAs);
- Establishment projects; and
- Randolph-Sheppard set-aside.

### Supported Employment Program Match

Supported Employment program regulations require that the State expend 50 percent of its total Supported Employment program allotment for the provision of supported employment services, including extended services, to youth with the most significant disabilities. The Supported Employment program funds required to be reserved and expended for services to youth with the most significant disabilities are awarded through the SE-B grant award. The Federal share for expenditures from the State's SE-B grant award is 90 percent. The statutorily required 10 percent match requirement applies to the costs of carrying out the provision of supported employment services, including extended services, to youth with the most significant disabilities. This means that the 10 percent is applied to total expenditures, including both the Federal and non-Federal shares, incurred for this purpose, and that the non-Federal share must also be spent on the provision of supported employment services, including extended services, to youth with the most significant disabilities.

The RSA review team assessed the matching requirements for the Supported Employment program, including an assessment of whether the matching level was met, as well as whether the sources of the match were consistent with Federal requirements.

### Prior Approval

The Uniform Guidance (2 C.F.R. § 200.407) requires prior written approval (prior approval) for various grant award activities and proposed obligations and expenditures. RSA reviews and approves prior approval requests on behalf of the Department of Education. The RSA review team examined DC RSA's internal controls to ensure that the VR agency is meeting the prior approval requirements.

### Vendor Contracts

The RSA team reviewed three areas related to vendor contracts:

- Determining rates of payment;
- Supporting documentation for payments; and
- Contract monitoring.

This review area included contracts for the provision of pre-employment transition services.

## **C. Findings and Corrective Actions**

RSA's review of DC RSA's performance in this focus area resulted in the identification of the following findings and the corresponding corrective actions to improve performance.

#### 4.1 Insufficient One-Stop Service Delivery System Cost Allocation Methodology

**Issue:** Has DC RSA executed MOUs, including IFAs, with each LWDB and other one-stop partners satisfying 34 C.F.R. § 361.420 and 34 C.F.R. § 361.500, as well as policy guidance issued jointly by the U.S. Departments of Education and Labor.

**Requirement:** The designated State unit (DSU) has sole responsibility for the VR program's participation as a partner in the one-stop service delivery system (34 C.F.R. § 361.13(c)(1)(v) and (2)). As a required one-stop partner pursuant to 34 C.F.R. § 361.420, the DSU must—

- Use a portion of its funds, consistent with the Rehabilitation Act, as amended by WIOA, and with Federal cost principles in 2 C.F.R. parts 200 and 3474 (requiring, among other things, that costs are allowable, reasonable, necessary, and allocable), to—
  - Work collaboratively with the State Board and LWDBs to establish and maintain the one-stop delivery system. This includes jointly funding the one-stop infrastructure through partner contributions that are based upon—
    - A reasonable cost allocation methodology by which infrastructure costs are charged to each partner based on proportionate use and relative benefit received;
    - Federal cost principles; and
    - Any local administrative cost requirements in the Federal law authorizing the partner's program. (This is further described in 34 C.F.R. § 361.700.);
- Enter into an MOU with the LWDBs relating to the operation of the one-stop delivery system that meets the requirements of 34 C.F.R. § 361.500(b); and
- Participate in the operation of the one-stop delivery system consistent with the terms of the MOU, requirements of authorizing laws, the Federal cost principles, and all other applicable legal requirements.

Pursuant to 34 C.F.R. § 361.500(a), the MOU is the product of local discussion and negotiation. It is an agreement developed and executed between the LWDB and the one-stop partners, with the agreement of the chief elected official and the one-stop partners, relating to the operation of the one-stop delivery system in the local area. In accordance with 34 C.F.R. § 361.500(b), each MOU must contain an agreement on funding the costs of the services and the operating costs of the system, including—

- Funding of infrastructure costs of one-stop centers in accordance with 34 C.F.R. §§ 361.700 through 361.755; and
- Funding of the shared services and operating costs of the one-stop delivery system described in 34 C.F.R. § 361.760.

The U.S. Departments of Education and Labor (the Departments) provided extensive guidance regarding the operation of the one-stop service delivery system and the funding of its infrastructure costs in the joint regulations ([Federal Register notice 81 FR 55791](#)), published August 19, 2016. On December 27, 2016, the Departments published a set of frequently asked questions related to the one-stop service delivery system. In this guidance, the Departments indicated that in order to have MOUs in place for PY 2017, which began on July 1, 2017, LWDBs and one-stop partners must enter into MOUs that align with the requirements of WIOA,

except for the final IFA, by June 30, 2017. The Departments also indicated that the U.S. Department of Labor (DOL) used its transition authority in section 503(b) of WIOA to extend the implementation date of the final IFAs for PY 2017. With this extension, final IFAs were to be in place no later than January 1, 2018. However, the Departments explained that Governors had the discretion to require local areas to enter into final IFAs at any time between July 1, 2017, and January 1, 2018. During the extension period, local areas were allowed to use existing funding agreements in place for PY 2016, with any such modifications as the partners may have agreed to, to fund infrastructure costs in the local area. On January 18, 2017, the Departments issued formal policy guidance, which RSA published as technical assistance circulars: RSA-TAC-17-02 and RSA-TAC-17-03. In RSA-TAC-17-02, the Departments reiterated the extended IFA deadline of January 1, 2018.

**Analysis:** The District of Columbia (DC) area American Job Center (AJC) structure includes one comprehensive center and three affiliate sites. The MOUs became effective on February 25, 2019 and included the IFA cost allocation methodology described below.

“The methodology for equitable distribution of costs associated with the Infrastructure Funding Agreement (IFA) will be the proportion of partners’ staff FTEs among all staff at the AJC based on actual number of hours worked. The existing FTE basis for allocation skews the distribution of costs, depending on how the IFA partners source their personnel. The DOES/Office of the Chief Financial Officer (OCFO) will allocate costs based on each IFA partner’s proportional share of total monthly hours worked, which aligns with all other cost allocation bases utilized for American Job Center operations.

This allocation methodology covers the following costs:

- Non-personnel infrastructure costs necessary for the general operation of the One- Stop Centers, including but not limited to—
  - Applicable facility costs (such as rent);
  - Costs of utilities and maintenance;
  - Equipment (including assessment-related and assistive technology for individuals with disabilities); and
  - Technology to facilitate access to the one-stop centers, including technology used for the center’s planning and outreach activities.
- Additional costs:
  - Applicable Career Services to include the costs of the provision of Career Services in Section 134(c)(2), as authorized by and applicable to each partner’s program. For the purpose of this cost sharing agreement, applicable career services were defined to mean the partner’s costs for the delivery of applicable career services.
  - The other system costs may include any other shared services that are authorized for and commonly provided through the AJC partner programs to any individual, such as initial intake, assessment of needs, appraisal of basic skills, identification of appropriate services to meet such needs, referrals to other One-Stop partners, and

business services.”

Discussions with DC RSA and representatives of the one-stop center and the District of Columbia’s Department of Disability Services (DDS), the designated State agency (DSA), confirmed that time worked at a location is the only factor used to determine costs. For example, if 100 hours were worked in the location and DC RSA worked 10 of those hours, 10 percent of costs would be charged to DC RSA.

RSA specifically inquired if two agencies with equal number of hours spent working in a center would be responsible for the same financial burden, even if one had significantly larger offices and their consumers accessed resources far more often than other partners. DC RSA, and representatives from DDS and the one-stop center confirmed those two partners would be responsible for an identical financial burden. This answer comports with RSA’s review of the relevant IFA language. As a result, costs allocated to each partner likely are not proportional to the use or benefit received by the participating programs. Allocated costs are not affected by the size of office space, program usage of common space, or the actual numbers of consumers utilizing the one-stop center by programs.

**Conclusion:** The cost allocation methodology included in the current IFAs is not compliant with 34 C.F.R. § 361.420(b)(2)(i) requiring infrastructure costs to be allocated to each partner in a manner that reflects proportionate use or relative benefit received.

**Corrective Actions:** RSA requires that DC RSA—

- 4.1.1 Review and revise the methodology used to allocate one-stop center VR program costs to ensure the manner reflects proportionate use or relative benefit received;
- 4.1.2 Submit the draft proposal for allocation of one-stop center costs to RSA for review of consistency with Federal requirements within four months after the date of the final monitoring report; and
- 4.1.3 Implement the revised allocation methodology within 6 months after the date of the final monitoring report.

**VR Agency Response:** DCRSA has no response at this time.

**VR Agency Request for Technical Assistance:** Yes, to ensure compliance.

#### **4.2 Insufficient Internal Controls – Assignment of VR Obligations and Expenditures to the Correct Federal Award**

**Issue:** Does DC RSA assign obligations and expenditures to the correct Federal award in accordance with 34 C.F.R. § 361.12; 2 C.F.R. §§ 200.77, 200.302, 200.303(a), 200.309; and 34 C.F.R. § 76.702.

**Requirements:** As a recipient of Federal VR and Supported Employment funds, DC RSA must have procedures that ensure the proper and efficient administration of its VR and Supported Employment programs and that enable DC RSA to carry out all required functions, including financial reporting (34 C.F.R. § 361.12). In accordance with the Uniform Guidance in 2 C.F.R.

§ 200.302(a), a State's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the award, must be sufficient to permit the preparation of reports required by general and program specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. The Uniform Guidance, at 2 C.F.R. § 200.302(b), requires the financial management system of each non-Federal entity to provide for the identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. In addition, 34 C.F.R. § 76.702 requires States to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for Federal funds.

Each grant award has a defined "period of performance," which is the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award (2 C.F.R. § 200.77). A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (2 C.F.R. § 200.309, see also 34 C.F.R. §§ 76.703 and 76.709). Grantees must implement internal controls to ensure obligations and expenditures for a Federal award are assigned, tracked, recorded, and reported within the applicable period of performance for that Federal award, thereby ensuring the grantees are managing the award in compliance with Federal requirements (2 C.F.R. § 200.303(a)). The proper assignment of Federal and non-Federal funds to the correct period of performance is necessary for DC RSA to correctly account for VR funds so RSA can be assured that the agency has satisfied requirements for, among other things, match (34 C.F.R. § 361.60), MOE (34 C.F.R. § 361.62), and the reservation and expenditure of VR funds for the provision of pre-employment transition services (34 C.F.R. § 361.65(a)(3)).

An obligation means "orders placed for property and services, contracts and sub-awards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period" (2 C.F.R. § 200.71). For expenditures to be allowable under the Federal award, agencies must demonstrate that the obligation occurred within the period of performance of the Federal award. Regulations in 34 C.F.R. § 76.707 explain when a State incurs an obligation for various kinds of services and property. Therefore, in order to properly account for and liquidate expenditures, grantees must be able to assign an obligation to a Federal award based upon the date the obligation was made (34 C.F.R. §§ 76.703 and 76.709). Grantees must assign all Federal and non-Federal obligations and expenditures, on a FFY basis, to the correct Federal award in accordance with the period of performance.

## **Analysis:**

### Accounting for Obligations and Expenditures

RSA reviewed the agency's policies and procedures regarding the assignment of Federal and non-Federal obligations and expenditures to the correct Federal award. Specifically, RSA focused its review on documentation of charges to DC RSA's VR award for FFY 2017. Obligations and expenditures were reviewed to ensure DC RSA was correctly assigning and reporting obligations and expenditures to the proper grant period of performance in accordance with Federal requirements.

In reviewing the supporting documentation, RSA noted that dates of obligation are the dates the expense became “effective”, which is the date an invoice is received and has been determined valid. It took numerous discussions and repeated requests for RSA to receive requested documentation regarding the assignment of expenses to a Federal fiscal year. This, coupled with review of DC RSA specific policies, made it clear that DC RSA was not aware of the obligation requirements set forth in 34 C.F.R. § 76.707.

As discussed above, 34 C.F.R. § 76.707 details when certain types of expenses should be considered obligated. Some expenses, such as personal services by an employee of the State or subgrantee are considered obligated when the services are performed while others like acquisition of real or personal property are considered obligated on the date on which the State makes a binding written commitment to acquire the property. The differences here are critical in that assigning obligations and expenditures to the correct Federal award can only be accomplished if dates of obligation are specific to that type of obligation and based on relevant law and regulation. All expenses charged to the DC RSA award are done based upon when the payment is sent, without regard to the obligation requirements.

During pre-onsite teleconferences, the RSA review team discussed these concerns with DC RSA, specifically citing the RSA FAQ on Period of Performance, GAN attachments, and Uniform Guidance. DC RSA fiscal staff acknowledged that period of performance requirements were not being followed and that assignment of expenses to the correct FFY was not in compliance with 34 C.F.R. § 76.707 and the Uniform Guidance. During on-site review activities, DC RSA requested immediate technical assistance to begin efforts to create new systems to enable compliance. The RSA review team provided technical assistance in this area, as noted below.

Assigning expenses to the correct FFY is critical in assuring that match, MOE, and reservation of funds for the provision of pre-employment transition services are accurately determined. DC RSA’s current systems cannot ensure that expenses are being assigned to the correct FFY, which in addition to being out of compliance, is resulting in inaccurate reporting on the SF-425. The result is that RSA and DC RSA cannot accurately determine to what degree match, MOE, and reservation of funds for the provision of pre-employment transition services requirements have been met. New processes developed by DC RSA will need to be retroactively applied to FFYs 2017, 2018, 2019, and 2020 after which DC RSA will need to submit new SF-425s based on this new and accurate assignment of expenses. RSA will review these new SF-425s and determine whether additional steps will be needed.

The obligation issues are systemwide and apply to all expenses charged to the DC RSA formula awards (VR, Supported Employment, Independent Living Services for Older Individuals Who are Blind). In efforts to address this finding, DC RSA must assure that changes apply to all obligations and expenditures for all programs.

**Conclusion:** Based upon the information above, DC RSA is not in compliance with the Federal requirements (34 C.F.R. § 361.12, 34 C.F.R. § 76.702, and 2 C.F.R. § 200.302) to accurately account for and report obligations and ensure expenditures are paid from the correct Federal award. As a result, RSA cannot determine, at this time, whether the agency satisfied requirements related to match, MOE, and the reservation of funds for the provision



of pre-employment transition services.

RSA is concerned regarding DC RSA not implementing a financial management system that meets Federal requirements, as the agency is not able to ensure—

- Accurate data collection and financial accountability, as required by 34 C.F.R. § 361.12;
- The proper disbursement of and accounting for Federal funds, as required by 34 C.F.R. § 76.702; and
- Only allowable costs resulting from obligations of the funding period are charged to the award, as required by 2 C.F.R. §§ 200.403, 200.404, and 200.405.

As a recipient of Federal VR funds, DC RSA must have procedures in place that ensure proper and efficient administration of its VR program, and that enable DC RSA to carry out all required functions. The methods of administration must ensure accurate data collection and financial accountability (34 C.F.R. § 361.12 and 2 C.F.R. § 200.302).

**Corrective Actions:** RSA requires that DC RSA—

- 4.2.1 Within three months of the date of the final monitoring report, submit draft internal controls for ensuring compliance with obligation requirements in 2 C.F.R. § 200.303, including a monitoring component, that ensures sustained compliance with and correction of the specific areas identified. Specifically, DC RSA must revise its financial data collection and analysis process so that DC RSA ensures all Federal and non-Federal obligations are properly accounted for and obligated to the correct FFY award in the agency's financial management system;
- 4.2.2 Within three months after concurrence by RSA, DC RSA will implement the new processes, policies, procedures and internal controls, as necessary, to accurately account for and report Federal and non-Federal obligations and expenditures to the correct period of performance; and
- 4.2.3 Within eight months after the final monitoring report, submit revised draft SF-425s to RSA for FFYs 2017, 2018, 2019, and 2020 that reflect the correct assignment of obligations.

**VR Agency Response:** DCRSA has no response at this time.

**VR Agency Request for Technical Assistance:** Yes, to ensure compliance.

### **4.3 Prior Approval Requirements Not Met**

**Issue:** Did DC RSA obtain prior written approval from RSA before purchasing items requiring prior approval.

**Requirements:** The Uniform Guidance at 2 C.F.R. § 200.407, includes a list of specific circumstances for which prior approval from the Federal awarding agency in advance of the

occurrence is either required for allowability or recommended in order to avoid subsequent disallowance or dispute based on the unreasonableness or non-allocability. For example, 2 C.F.R. § 200.439(b)(1) states that capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding or pass through entity. The Uniform Guidance at 2 C.F.R. § 200.62(a)(3) also requires the agency have internal control over compliance requirements for Federal awards to demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

On November 2, 2015, the Department of Education adopted the final regulations found in 2 C.F.R. part 200 (Federal Register notice 80 FR 67261). The Department issued notifications to grantees regarding the new requirements and made training and technical assistance documents available to grantees to assist in implementation of the new requirements. To ensure that RSA grantees were aware of the applicability of the prior approval requirements, RSA included a special clause on the FFY 2016 Grant Award Notifications that stated, in pertinent part: “the prior approval requirements listed in the Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance) (2 C.F.R. part 200) are applicable to this award... Grantees are responsible for ensuring that prior approval, when required, is obtained prior to incurring the expenditure. Grantees should pay particular attention to the prior approval requirements listed in the Cost Principles (2 C.F.R. part 200 subpart E).” In addition, information regarding the requirements in 2 C.F.R. part 200 was communicated to grantees via RSA’s listserv on September 23, 2015.

**Analysis:** Prior to on-site activities, RSA observed DC RSA was not submitting requests for prior approval. As part of monitoring, RSA learned that DC RSA had no active policies (drafts had been discussed) or procedures for submitting prior approvals and was struggling to understand the requirements. RSA addressed this through informal communication with DC RSA, including the provision of technical assistance and resources. DC RSA shared that it had questions and concerns related to demands on staff and ability to meet requirements. While committing to meeting requirements, DC RSA requested further on-site assistance to help develop necessary policies and processes.

**Conclusion:** Based on the above analysis, DC RSA was not in compliance with the prior approval requirements pursuant to the Uniform Guidance (2 C.F.R. § 200.407).

**Corrective Actions:** RSA requires that DC RSA—

- 4.3.1 Within 3 months after the issuance of the monitoring report, develop and implement policies and procedures, as well as a written internal control process, including a monitoring component, to ensure ongoing compliance with the prior approval requirements and the Frequently Asked Questions (FAQs) Prior Approval – OSEP and RSA Formula Grants, issued by OSERS on October 29, 2019.

**VR Agency Response:** DCRSA has no response at this time.

**VR Agency Request for Technical Assistance:** Yes, to ensure compliance.



## Finding 4.4 Maintenance of Effort Reporting

**Issue:** Whether the VR agency reported all allowable non-Federal expenditures under the VR program on its SF-425s, which RSA uses to determine whether the agency satisfied its match and MOE requirements under the VR program.

**Requirement:** Section 101(a)(3) of the Rehabilitation Act requires that the VR services portion of the Unified or Combined State Plan must assure that the State will provide the non-Federal share (21.3 percent) “of **the cost** of carrying out [the VR program]” (emphasis added).

The VR implementing regulations at 34 C.F.R. § 361.60(b) identify the general non-Federal share requirements for the VR program. The regulation at 34 C.F.R. § 361.60(b)(1) requires that non-Federal expenditures made under the VR services portion of the Unified or Combined State Plan to meet the non-Federal share for the VR program must be consistent with the Uniform Guidance at 2 C.F.R. § 200.306(b). Consistent with 2 C.F.R. § 200.306(b)(3) and (4), all non-Federal costs incurred by the VR agency, must be allowable, reasonable, and allocable under the VR program in accordance with 2 C.F.R. §§ 200.403 through 200.405. In addition, all costs must be verifiable (2 C.F.R. § 200.306(b)(1)).

In addition to the match (non-Federal share) requirement, Section 111(a)(2)(B) of the Rehabilitation Act requires the State to satisfy a MOE requirement:

(B) The amount otherwise payable to a State for a fiscal year under this section shall be reduced by the amount by which expenditures from non-Federal sources under the State plan under this title for any previous fiscal year are less than the total of such expenditures for the second fiscal year preceding that previous fiscal year (emphasis added).

The VR implementing regulations at 34 C.F.R. § 361.62 reinforce that MOE is calculated based on the total non-Federal expenditures incurred under the VR program:

(a) General requirements. The Secretary reduces the amount otherwise payable to a State for any fiscal year by the amount by which the **total expenditures** from non-Federal sources under the vocational rehabilitation services portion of the Unified or Combined State Plan for any previous fiscal year were less than the **total of those expenditures** for the fiscal year two years prior to that previous fiscal year (emphasis added).

Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5) provide for the allowable expenditures that States can make for services to groups related to the Business Enterprise (BEP) programs under the Randolph-Sheppard Act with Federal VR funds, and therefore with non-Federal match funds. Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5) provide that the following VR services to groups are allowable: 1) management services and supervision provided by the VR agency; 2) the acquisition by the VR agency of vending facilities or other equipment; 3) the purchase of initial stocks and supplies; and 4) initial operating expenses.

The Randolph-Sheppard Act, 20 U.S.C. § 107, et. seq., permits States at Section 107b(3) to cause to be set aside from the net proceeds of the operation of vending facilities in the State, funds that may be used by the State for certain purposes set forth in the law and described more fully in the implementing regulations at 34 C.F.R. § 395.9. Pursuant to 34 C.F.R. § 395.1(s), “Set-aside funds” means funds which accrue to a State licensing agency from an assessment against the net proceeds of each vending facility in the State’s vending facility program and any income from vending machines on Federal property which accrues to the State licensing agency. Section 395.9(b) provides that funds may be set aside only for the purposes of—

- (1) Maintenance and replacement of equipment;
- (2) The purchase of new equipment;
- (3) Management services;<sup>1</sup>
- (4) Assuring a fair minimum return to vendors; or
- (5) The establishment and maintenance of retirement or pension funds, health insurance contributions, and provision for paid sick leave and vacation time....

There are three categories of expenditures from a State’s set-aside funds that are also allowable VR expenditures for services to groups under 34 C.F.R. § 361.49(a)(5)—replacement of equipment, the purchase of new equipment and management services. In addition, the [Uniform Administrative Requirements, Cost Principles, And Audit Requirements For Federal Awards](#) (Uniform Guidance) issued by the Office of Management and Budget (OMB) and codified at 2 C.F.R. § 200.452 makes allowable the expenditure of Federal funds (and, thus, matching non-Federal funds) on maintenance of equipment in order to keep the equipment in efficient operating condition. Therefore, any State expenditure from the set aside for these purposes—maintenance and replacement of equipment, the purchase of new equipment and management services—must be used for VR match and counted for MOE purposes under the VR program because they would be among the total expenditures incurred under the VR program. RSA’s PAC-89-02 (January 3, 1989) and PD-99-05 (March 19, 1999) are consistent with the statutory and regulatory requirements just described with respect to the use of Randolph-Sheppard program set-aside funds for allowable VR program purposes, including for satisfying match and MOE requirements.

**Analysis:** During the on-site review, RSA reviewed the non-Federal share expenditures reported on the agency’s SF-425s for the VR program, which RSA uses to determine whether DC RSA has satisfied the match and MOE requirements under the VR program. While reviewing those reported non-Federal expenditures, RSA reviewed the sources of those non-Federal expenditures, including non-Federal expenditures paid by DC RSA with set-aside funds generated under the Randolph-Sheppard program, as it is allowed to do in its capacity as a State Licensing Agency (SLA) for that program.

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<sup>1</sup> Randolph-Sheppard regulations define “Management services” as “supervision, inspection, quality control, consultation, accounting, regulating, in-service training, and other related services provided on a systematic basis to support and improve vending facilities that are operated by blind vendors. “Management services” does not include those services or costs which pertain to the ongoing operation of an individual facility after the initial establishment period.” (34 C.F.R. § 395.1(j)). The definition of “Management services and supervision” in the VR regulations is almost the same, except that management services may be provided throughout the operation of the small business enterprise, rather than only for the initial establishment period. (34 C.F.R. § 361.49(a)(5)(i)).

As the SLA, DC RSA collects set-aside funds from Randolph-Sheppard vending facilities in the State. DC RSA incurs allowable VR expenditures in accordance with Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5), using these set-aside funds as match for the VR program. DC RSA informed RSA during the on-site monitoring activities that the agency had set-aside funds from Randolph-Sheppard vending facilities that it believed qualified as non-Federal share but was intentionally not reporting those on the SF-425 because enough non-Federal share was available from other sources to match its Federal appropriation.

During and after the on-site activities, RSA pursued the issue regarding the non-reporting of non-Federal expenditures incurred for allowable VR expenditures with set-aside funds to determine whether DC RSA incurred any expenditures for these costs during the period covered by the on-site review that should have been reported as non-Federal expenses on DC RSA's SF-425s. As part of its efforts, RSA reviewed the documentation provided by DC RSA, and identified accounting entries related to VR expenditures paid with set-aside that were not included as non-Federal share. As a result, these non-Federal expenditures were not included in the calculations that RSA completed to determine whether the District of Columbia satisfied its match and MOE requirements for FFYs 2017 through 2019 since MOE compliance for those years is based on a comparison of the total non-Federal expenditures for prior FFYs.

While it would be possible for a State to report exactly enough non-Federal expenditures to satisfy its match and MOE requirements under the VR program, doing so would be in compliance with Federal requirements only if those amounts accurately represent the total amount of allowable expenditures incurred in carrying out the VR program (Sections 101(a)(3) and 111(a)(2)(B) of the Rehabilitation Act and 34 C.F.R. §§ 361.60(b)(1) and 361.62(a)). Allowable expenditures are those that are necessary, reasonable, and allocable to the program and that satisfy all programmatic requirements (2 C.F.R. §§ 200.403 through 200.405). Pursuant to 34 C.F.R. § 361.3, funds under the VR program may be used to cover the costs of providing VR services and administering the VR program. VR services include the activities related to the BEP and Randolph-Sheppard vending facilities—the acquisition of facilities and equipment, and initial stocks and supplies, initial operating expenses, and management services and supervision (Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5)).

As required by Section 101(a)(3) of the Rehabilitation Act, the State must assure in its VR services portion of its Unified or Combined State Plan that it will provide the non-Federal share (21.3 percent) of the cost of carrying out the VR program. This provision makes clear that the non-Federal share requirement is based on “the cost of carrying out” the program, which would be the entire cost of carrying out the VR program, not a partial cost. Therefore, all allowable non-Federal expenditures incurred under the VR program, including those paid with set-aside funds for management services and supervision, consistent with 34 C.F.R. §§ 395.1(j) and 395.9(b) and PAC-89-02, must be reported on line 10j of DC RSA's VR SF-425 reports for its non-Federal expenditures incurred under the VR program. Only by DC RSA accurately reporting all set aside expenditures that qualify for VR match will RSA be able to determine, with certainty, that the State has satisfied its match requirement under 34 C.F.R. § 361.60(b).

Furthermore, RSA relies on the total non-Federal expenditures reported by DC RSA to ensure that the agency has satisfied its MOE requirement under Section 111(a)(2)(B) of the Rehabilitation Act and 34 C.F.R. § 361.62. Both the statute and its implementing regulation make clear that MOE is determined by comparing the “total” amount of non-Federal expenditures in a particular fiscal year with the “total” amount of non-Federal expenditures from two fiscal years prior to that year. Again, both the statute and regulation make clear that MOE is based on the total amount of non-Federal expenditures, not just a partial amount. Therefore, DC RSA must report all non-Federal expenditures incurred under the VR program, including management services and supervision paid with BEP set-aside funds, on its SF-425 reports for purposes of the VR program. Only by DC RSA accurately reporting all set-aside expenditures allowable for match will RSA be able to determine, with certainty, whether the State satisfied its MOE requirement under Section 111(a)(2)(B) of the Rehabilitation Act and 34 C.F.R. § 361.62.

**Conclusion:** As a result of this analysis, RSA concluded that DC RSA did not report all of its non-Federal expenditures on its SF-425 reports, particularly those expenditures for management services and supervision paid with Randolph-Sheppard set-aside funds. As a result, RSA has not been able to determine, with certainty, whether the District of Columbia has met its match and MOE requirements under the VR program for the period covered by this review.

**Corrective Actions:** RSA requires that DC RSA—

- 4.4.1 Revise and implement policies and procedures related to tracking and reporting expenditures from all non-Federal sources to correctly account for allowable VR program match and MOE; and
- 4.4.2 Revise SF-425 reports for FFYs 2017 through 2020, as applicable, to reflect an accurate total amount of all non-Federal expenditures and ensure an accurate reporting of all non-Federal expenditures, regardless of the source, in future submissions. RSA will review the revised SF-425 reports and determine whether the State met its match and MOE requirement for the affected fiscal years.

**VR Agency Response:** DCRSA has no response at this time.

**VR Agency Request for Technical Assistance:** Yes, to ensure compliance.

#### **4.5 Internal Controls over DCPS MOU**

**Issue:** Did DC RSA maintain necessary Fiscal controls over the pre-employment transition services contract with DCPS? This finding will focus on the structure and implementation of the MOU with DCPS. Other programmatic issues are identified in Finding 3.1 Implementation of Pre-Employment Transition Services. Please review that finding for specifics of the services provided.

**Requirements:** The Uniform Guidance at 2 C.F.R. § 200.302 details specific requirements for financial management of Federal awards. Specifically, 2 C.F.R. § 200.302(a) states “(a) Each State must expend and account for the Federal award in accordance with State laws and procedures for expending and accounting for the State’s own funds. In addition, the State’s

and the other non-Federal 's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also §200.450 Lobbying.” Additionally, 2 C.F.R. § 200.302(b)(4) states that grantees must have “Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See § 200.303 Internal controls.”

The Uniform Guidance speaks to requirements for internal controls over the administration of Federal funds. Specifically, 2 C.F.R. § 200.303(a) states the non-Federal entity must “Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award...”

**Analysis:** The MOU between DCRSA and DCPS was initiated in 2018 and was intended to provide pre-employment transition services. The MOU indicates that in FFY 2018 DCRSA transferred \$410,141.20 to DCPS to hire five Workforce Development Coordinators and \$198,389 to hire two Job Placement Specialists. FFYs 2019 and 2020 totals were projected at the same base amount, with allowances for increases in steps earned by employees.

The MOU indicates that the funds are transferred at the beginning of each year, into an account from which DCPS draws down the funds. These draws are performed with no pre-conditions relating to the services provided and with no expectation of DC RSA approval. DC RSA retains no administrative control over the VR duties performed by staff, does not require performance reporting before draws are made and does not verify whether only allowable VR expenditures were paid. In the event unallowable expenditures are identified, DC RSA has no mechanism for assessing penalties or reclaiming funds from DCPS.

DC RSA submitted a draft version of the MOU to RSA for review before DC RSA implemented it and, on December 19, 2017, RSA provided a response which included, in part, the following feedback:

- This agreement appears to be a hybrid between the formal interagency agreement as required in 34 C.F.R. § 361.22(b) and an interagency transfer agreement. The formal interagency agreement is not to be used for the transfer of funds.
- VR agencies must maintain non-delegable functions of the DSU and retain sole responsibility for the allocation and expenditure of funds. Specifically, VR agencies must retain the sole responsibility for all decisions affecting eligibility for VR services, the nature and scope of available services, and the provision of these services (34 C.F.R. § 361.13(c)(1)(i)); as well as the allocation and expenditure of VR funds (34 C.F.R. § 361.13(c)(1)(iv));
- Any arrangement for the transfer of VR funds to hire staff at another agency must include specific, detailed information about the manner in which VR management will evaluate and monitor the activities of those staff, including how the VR staff will certify time and

attendance. It is unclear as to the reason DDS/DC RSA is not hiring these staff members directly instead of transferring the funds to DCPS;

- The agreement does not describe how DDS/DC RSA will monitor staff time and funds allocated for the provision of pre-employment transition services to students with disabilities;
- Consistent with 2 C.F.R. § 200.303(a), DDS/DC RSA must establish internal control mechanisms to ensure that the only allowable costs are charged to VR relative to the benefit received by the program; and
- The agreement lacks information indicating that the VR program will only pay its allowable share of the cost of staff members providing pre-employment transition services.

As noted, DC RSA was made aware that the agreement was problematic in several areas, however, it implemented an agreement that did not address the identified concerns. RSA was not able to identify why the RSA guidance was not reflected in the final agreement.

Please note that the earlier finding (3.1) related to this contract details several programmatic issues. DC RSA must address both the fiscal concerns noted above and those in the programmatic finding for such an agreement to be an allowable VR expenditure.

**Conclusion:** DC RSA's administration of the DCPS MOU includes a structure whereby funds, and all related authority to access and expend the funds, are turned over to DCPS. As a result DC RSA does not maintain necessary internal controls to assure compliance with Federal requirements (2 C.F.R. § 200.303(a)), and cannot assure it is expending and accounting for the Federal award in accordance with State laws and procedures necessary for management of the Federal award, (2 C.F.R. § 200.302(a)). RSA considers the costs paid under this MOU to be questioned costs.

**Corrective Actions:** RSA requires that DC RSA—

- 4.5.1 Immediately cease and desist services and payments under the MOU until both programmatic and fiscal related issues have been resolved; and
- 4.5.2 In the event DC RSA wishes to reinstate the contract once the issues have been resolved:
  - Develop and submit internal controls for contract monitoring to RSA for review; and
  - Submit a revised copy of the MOU that addresses the identified programmatic and fiscal issues to RSA for review.

**VR Agency Response:** DCRSA has no response at this time

**VR Agency Request for Technical Assistance:** Yes, to ensure compliance.

#### **D. Technical Assistance**

During the monitoring activities, RSA provided technical assistance to DC RSA as described below:

- IFA's, cost allocation and methods to assure that costs to the VR award reflect actual work performed and are proportional to the benefit received. This was discussed in relation to one-stop costs and overall agency interactions with partners and other agencies;
- Requirements for attributing obligations to the correct FFY, impacts on match, MOE, pre-employment transition services, and requirements for timely and accurate submission of required Federal reports; and
- Requirements for seeking prior approval on certain types of expenses, methods for internal planning and processing of requests, and the aggregate method for seeking approvals.

## **SECTION 5: FOCUS AREA – JOINT WORKFORCE INNOVATION AND OPPORTUNITY ACT FINAL RULE IMPLEMENTATION**

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### **A. Purpose**

The Departments of Education and Labor issued the Workforce Innovation and Opportunity Act (WIOA) Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions; Final Rule (Joint WIOA Final Rule) to implement Title I of WIOA. These joint regulations apply to all core programs of the workforce development system established by Title I of WIOA and the joint regulations are incorporated into the VR program regulations through subparts D, E, and F of 34 C.F.R. part 361.

WIOA strengthens the alignment of the public workforce development system's six core programs by compelling unified strategic planning requirements, common performance accountability measures, and requirements governing the one-stop delivery system. In so doing, WIOA places heightened emphasis on coordination and collaboration at the Federal, State, local, and Tribal levels to ensure a streamlined and coordinated service delivery system for job seekers, including those with disabilities, and employers.

In FFY 2018, the Employment and Training Administration in the U.S. Department of Labor; the Office of Career, Technical, and Adult Education; and RSA developed the WIOA Shared Monitoring Guide, which is incorporated in this focus area. RSA assessed the VR agency's progress and compliance in the implementation of the Joint WIOA Final Rule through this focus area.

### **B. Implementation of WIOA Joint Final Rule**

RSA reviewed the following topical areas: WIOA Partnership; Governance; One-Stop Operations; and Performance Accountability. To gather information pertinent to these topics, RSA reviewed a variety of documents including the PY 2016 Unified or Combined State Plan and PY 2018 modifications to the State plan; Memoranda of Understanding (MOUs) including the One-Stop Center Operating Budget and Infrastructure Funding Agreement (IFA) related to the one-stop service delivery system; and other supporting documentation related to the four topical areas.

#### **WIOA Partnership**

WIOA requires States and local areas to enhance coordination and partnerships with local entities and supportive service agencies for strengthened service delivery, including through Unified/Combined State Plans. Beyond the partnerships reflected in the Governance and One-Stop Operations sections of this focus area, Federal partners thought it was important for Federal agencies to inquire about the broader partnership activities occurring to implement many of the approaches called for within WIOA, such as career pathways and sector strategies. These require robust relationships across programs and with businesses, economic development, education, and training institutions, including community colleges and career and technical education local



entities, and supportive service agencies. The RSA review team explored how these activities are led and sustained to help assess how these initiatives are progressing within the State.

District of Columbia agencies administering WIOA programs have cultivated partnerships to support inter-agency collaborations to serve District of Columbia residents, including through co-location, blended funding, collaborative provision of services, and data system integration.

In terms of career pathways and sector strategies, the District of Columbia's Workforce Investment Council (WIC) is making efforts to strengthen sector partnerships and align workforce services with the needs of businesses. The WIC has established business advisory committees in the construction and hospitality sectors in partnership with the Department of Employment Services (DOES) and The University of the District of Columbia Community College (UDC-CC) that provide input and expertise for the Workforce Intermediary Program and broader system efforts in those sectors. The WIC will convene additional committees for healthcare, security and law, and business administration and information technology; and also leverage the efforts of the Career Pathways Task Force to inform workforce investments. The Career Pathways Task Force addresses workforce system strategies related to system alignment, sector strategies, and access to career pathways. The work of the Career Pathways Task Force informs broader District of Columbia State Plan career pathways efforts under WIOA. The Deputy Director of DC RSA serves on the Career Pathways Task Force and assisted in the development of its strategic plan. Workforce system partners have been included in these engagement efforts to ensure that information gathered helps inform their programming and will also be disseminated more broadly. The WIC has funding available through its Workforce Intermediary program to support new and innovative sector strategy activities.

The Department on Disability Services (DDS) and DC RSA established a specialized unit, the Business Relations Unit (BRU), to develop relationships with businesses throughout the Washington DC Metropolitan Area. The BRU collaborates with businesses to educate them about DC RSA services and to identify their staffing needs for the purpose of gaining exposure and identifying employment opportunities for qualified DC RSA job seekers.

DC RSA has made efforts to engage in partnerships with other government agencies, community-based agencies and schools, in order to provide services in the community. Currently, DC RSA is providing services at thirty locations around the city. DC RSA also provides services at the American Job Centers and at all District of Columbia Public Schools, Public Charter Schools, and non-public placements within the DC-Baltimore Metropolitan area where District of Columbia students attend.

The District of Columbia obtained input into the development of the Unified State Plan and provided an opportunity for comment on the plan by representatives of local boards and chief elected officials, businesses, labor organizations, institutions of higher education and the entities responsible for planning or administering the core programs, required one-stop partners and the other Combined Plan programs.

## **Governance**

State Workforce Development Boards (SWDBs) and Local Workforce Development Boards (LWDBs), which should include representation from all six core programs, including the VR program, set strategy and policies for an aligned workforce development system that partners with the education continuum, economic development, human services, and businesses. The VR representative on the SWIB must be an individual who has optimum policymaking authority for the VR program, and each LWDB is required to have at least one representative from programs carried out under Title I of the Rehabilitation Act (other than Section 112 or part C of that Title).

### **SWDB/LWDB**

The WIC serves as the State and Local Workforce Development Board for the District of Columbia. DC RSA is the agency responsible for the administration of the VR program, one of the core workforce development programs that is authorized under the Rehabilitation Act, as amended by Title IV of WIOA. DC RSA is housed in the Department on Disability Services (DDS) and is directed by the Department Deputy Director. During RSA's on-site monitoring of the VR program, RSA learned that DC RSA was represented on the WIC by the Director of DDS, and not its Department Deputy Director. However, to resolve conditions on the approval of the District of Columbia PY 2020-2023 WIOA State Plan, the DC RSA deputy director was assigned as a member of the WIC on September 30, 2020.

## **One-Stop Operations**

The one-stop delivery system brings together workforce development, educational, and other human resource services in a seamless customer-focused service delivery network that enhances access to services and improves long-term employment outcomes for individuals receiving assistance. One-stop partners administer separately funded programs as a set of integrated streamlined services to customers.

### **One-Stop Partner Roles and Responsibilities**

Core WIOA programming is administered by three District of Columbia agencies: the Department of Employment Services (Titles I and III); the Office of the State Superintendent of Education, Adult and Family Education Department (OSSE AFE, Title II); and the Department on Disability Services, Rehabilitation Services Administration (DDS/DC RSA, Title IV). Each of these entities is represented at District of Columbia American Job Centers (AJC), also known as one-stop centers.

The District of Columbia has four AJCs, which includes one comprehensive one-stop center and three affiliate one-stop centers, as well as a virtual one-stop known as DC Networks. The virtual one-stop provides integrated services via the internet for individuals, employers, training providers, workforce staff, and AJC partners.

For the District of Columbia's VR program, the required one-stop partner is DC RSA. DC RSA provides access to its programs, services and activities through full-time VR staff members that are physically present at all four of the one-stop centers five days a week. Although VR services are not provided through the District of Columbia's virtual one-stop, VR staff are able to assist

VR clients in accessing and enrolling in the virtual one-stop. DC RSA also provides career services through AJCs to eligible individuals with disabilities. Career services include conducting comprehensive and specialized assessments, creating IPEs, providing counseling and guidance, career planning including career exploration, training or postsecondary education, job search and placement assistance, and supported employment services and referrals to other agencies as appropriate. Additionally, DC RSA provides technical assistance to the one-stop system on assistive technology and accessibility of each of the AJCs.

#### Memoranda of Understanding and Infrastructure Funding Agreements

In accordance with 34 C.F.R. § 361.420, each required one-stop partner program must enter into a MOU with the LWDB that meets the requirements of 34 C.F.R. § 361.500(b) relating to the operation of the one-stop delivery system. At the time of the on-site review, a memorandum of understanding (MOU) had been established between the local board and the one-stop partners (DOES, OSSE, and DC RSA) to address one-stop center infrastructure funding, physical and programmatic accessibility requirements, and the vision of WIOA and State established goals.

In the course of DOL conducting monitoring activities in fall 2018, the WIC submitted MOUs outlining roles, responsibilities, and funding contributions for all AJC partners to the DOL. DOL identified missing information in the MOUs in its monitoring report dated November 30, 2018. The report identified that the MOUs were missing required signatures; did not include an infrastructure and shared services budget; and the District of Columbia policy on State funding mechanism use when consensus on infrastructure funding is not reached was not in place by the PY 2017 Infrastructure Agreement (IFA) implementation date. The WIC corrected and finalized MOUs in February 2019. As a result, an MOU between the WIC and DC RSA was executed on February 27, 2019, concerning the operation of the one-stop delivery system in the District of Columbia.

#### Accessibility/One-Stop Certification

The District of Columbia has a process in place to assess the effectiveness, physical and programmatic accessibility, and continuous improvement of the one-stop centers and the one-stop delivery systems using criteria and procedures developed by the District of Columbia's WIC. Additionally, staff members have been trained to provide services to all individuals, regardless of range of abilities, mobility, age, language, learning style, or comprehension or education level. The Assistive Technology (AT) Center and the AT Specialist with DC RSA has provided technical assistance to the one-stop in order to identify necessary equipment to ensure accessibility of services to people with disabilities, including people who are blind or visually impaired, which includes special screens, keyboards, and adjustable workstations for use by customers who are blind or visually impaired, in wheelchairs, or with other disabilities.

The WIC, with the agreement of the Mayor, is responsible for certifying and recertifying comprehensive, affiliate, and satellite one-stop centers every two years. Through the one-stop certification process, the WIC seeks to establish uniform standards for one-stop center and will work with the one-stop operators to ensure such standards are being met.

### Common Identifier

The District of Columbia Workforce Investment Council (WIC) Policy Manual, dated September 2016, indicates that all comprehensive one-stop centers will be known as DC American Job Centers (DCAJCs); all affiliate or satellite centers must also clearly indicate that they are a part of the DC American Job Center network.

### **Performance Accountability**

Section 116 of WIOA establishes performance accountability indicators and performance reporting requirements to assess the effectiveness of States and local areas in achieving positive outcomes for individuals served in the workforce development system. WIOA requires that these requirements apply across all six core programs, with a few exceptions. RSA reviewed the VR agency's progress and implementation of performance accountability measures and data sharing and matching requirements.

Each of the District of Columbia agencies responsible for administering core programs has data systems in place that can track outcomes related to required WIOA performance metrics and store relevant information on case management and other activities as required for monitoring. Agencies will leverage DOES' access to the Wage Record Interchange System (WRIS) to report on the District of Columbia's employment and training program performance, evaluating training provider performance, and for other related purposes for Federal programs as permitted. Data sharing agreements will be formalized to ensure employment data is accessible to agencies administering core programs.

### Effectiveness in Serving Employers

The District of Columbia partners selected the Retention with the Same Employer and Employer Penetration Rate approaches in collecting data on the "Effectiveness in Serving Employers" measure; the partners have not added a State-specific approach. At the time of the on-site monitoring, DC RSA reported that the agency was not reporting on the "Effectiveness in Serving Employers" performance measure, nor had the VR agency developed policies and procedures with their District of Columbia partners that specifically delineate how they will uniformly collect and report this information on the WIOA Annual Report.

Pursuant to Section 116(d)(2) of WIOA and 34 C.F.R. § 361.160, the Annual Statewide Performance Report Template must be submitted to the Departments of Education and Labor using aggregated data collected by each of the six core programs. In the District of Columbia, the entity responsible for assembling and submitting this report is DOES.

### Tracking Co-enrollment

In accordance with WIOA Section 116(b)(3)(A)(ii) and 34 C.F.R. § 361.160(a)(1)(ii), annual reporting should include the total number of participants who are co-enrolled in any of the programs in WIOA.

In the District of Columbia, each core program (Title I, II, & III) uses a separate case management system which presents a challenge to identify individuals who are co-enrolled. At

this time, DC RSA relies on self-reporting to identify individuals who may be co-enrolled in multiple programs. DC RSA is working with DC WIC to develop a common intake system across all one-stop programs that can be used within its four one-stop Centers and all offices outside the centers.

### Data Sharing and Matching

District of Columbia agencies are working to integrate services through the development of a common intake, assessment, screening, and referral process. Currently, DOES and OSSE have a common initial intake through the Data Vault. The Data Vault is being implemented at the DOES American Job Centers and in OSSE AFE programs. Expansion plans include DOES/WIC training providers, DC RSA, Department of Human Services (DHS), UDC-CC, adult-serving District of Columbia Public Schools (DCPS) and District of Columbia Public Charter schools, and other partner agencies.

Moving forward, the Data Vault will be an essential tool to the integration of data systems and service delivery across agencies and partners. Its implementation will serve to create a unified intake, assessment, and referral mechanism; track customer participation, performance, progress, and outcomes; and link customers to programs and services funded by the relevant partners. At the time of monitoring, it was unknown when DC RSA would establish data sharing agreements with DOES and OSSE that will enable DC RSA to have access to the Data Vault.

The District of Columbia currently uses the Unemployment Insurance (UI) Wage Record Database to validate information collected about WIOA program participants in the State of Virginia, with respect to their placement in employment and average earnings. However, the District of Columbia is unable to collect this information for program participants in the State of Maryland.

### **C. Findings and Corrective Actions**

RSA's review of DC RSA's performance in this focus area did not result in the identification of a finding to improve performance.

### **D. Technical Assistance**

In the course of conducting monitoring activities, RSA provided technical assistance to DC RSA as described below.

### **Effectiveness in Serving Employers**

Section 116(b)(2)(A)(i)(VI) of WIOA requires that the U.S. Departments of Education and Labor establish a primary indicator of performance for Effectiveness in Serving Employers. In the joint performance accountability guidance, RSA-TAC-17-01, RSA explained that States are required to select two of three approaches while participating in a pilot program to measure the core programs' collective efforts to serve employers in the State. States may also establish and report on a third State-specific approach, in addition to the two approaches selected from the following:

1. Retention with the Same Employer: This approach captures the percentage of participants who exit and are employed with the same employer in the second and fourth quarters after exit;
2. Repeat Business Customers: This approach tracks the percentage of employers who receive services that use core program services more than once; and
3. Employer Penetration Rate: This approach tracks the percentage of employers who are using the core program services out of all employers represented in an area or State served by the public workforce system (i.e., employers served).

At the time of the on-site visit, the District of Columbia partners selected the Retention with the Same Employer and Employer Penetration Rate approaches in collecting data on the “Effectiveness in Serving Employers” measure. The partners have not added a State-specific approach. At the time of the on-site monitoring, DC RSA reported that the agency was not reporting data on the “Effectiveness in Serving Employers” performance measure with the title I, II, and III core programs, nor has the VR agency developed policies and procedures with their State partners that specifically delineate how they will uniformly collect and report this information on the WIOA Annual Report.

During the on-site portion of the review, RSA reviewed the joint guidance with DC RSA to clarify the requirement that two approaches be selected and implemented. RSA informed DC RSA that the VR agency (DC RSA) is required to report the data on the “Effectiveness in Serving Employers” performance measure, in addition to the core programs for Titles I, II, and III, to the identified State entity responsible for reporting the ETA-9169 annual report to the Department of Labor.

Therefore, DC RSA has not complied with Section 116(d)(2) of WIOA and 34 C.F.R. § 361.160 of its implementing regulations by not reporting the required data to measure the effectiveness in serving employers for the District of Columbia. After consulting with DOL and the U.S. Department of Education’s Office of Career, Technical, and Adult Education on this matter, RSA recommends that the District of Columbia develop procedures for the collection of data required to report its effectiveness in serving employers on an annual basis.

### **Data Sharing and Matching**

DC RSA seeks technical assistance on how to establish a data sharing agreement without a SWIS agreement currently in place to ensure unemployment insurance data can be obtained for those outside the District of Columbia.

## **APPENDIX A: STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS PERFORMANCE TABLES**

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Note: Calculations for these tables can be found in Appendix C of the MTAG.

Table 1—DC RSA VR Agency Profile (PY 2017)

Table 2— DC RSA Summary Statistics from RSA 113 (FFYs 2016-2018)

Table 3—DC RSA Number and Percentage of Participants Served by Primary Disability Type (PY 2017)

Table 4—DC RSA Number and Percentage of Individuals Exiting at Various Stages of the VR Process (PY 2017)

Table 5—DC RSA Number and Percentage of Individuals Exiting by Reason during the VR Process (PY 2017)

Table 6—DC RSA VR Services Provided to Participants (PY 2017)

Table 7—DC RSA Number of Measurable Skill Gains Earned, Number of Participants Who Earned Measurable Skill Gains, and Types of Measurable Skill Gain (PY 2017)

Table 8—DC RSA Median Hourly Earnings, Median Hours Worked per Week, Sources of Support, and Medical Insurance Coverage for Participants Who Exited with Competitive Integrated Employment or Supported Employment (PY 2017)

Table 9—DC RSA Standard Occupational Classification (SOC) Titles (Major Groups): Percentages of Employment Outcomes and Median Hourly Earnings for Participants Who Exited with Competitive Employment or Supported Employment (PY 2017)

Table 10—DC RSA Number of Participants Who Exited with Competitive Integrated Employment or Supported Employment by the Most Frequent SOC Title (PY 2017)

Table 11—DC RSA Number of Students with Disabilities Reported, and the Number and Percentage of Students with Disabilities Who Received Pre-Employment Transition Services (PY 2017)

Table 12—DC RSA Number and Percentage of Required Pre-Employment Transition Services Provided (PY 2017)

**Table 1—DC RSA VR Agency Profile (PY 2017)**

<b>VR Agency Profile Data</b>	<b>Number/Percentage</b>
Employment Rate	30.2%
Number of Participants Exiting in Competitive Integrated Employment or Supported Employment	635
Measurable Skill Gains Performance Indicator	19.7%
Percentage of Participants Eligible for Measurable Skill Gains	2.7%
Percentage of Timely Eligibility Determinations	98.2%
Percentage of Eligibility Determination Extensions	0.9%
Percentage of Timely IPE Development	75.7%
Number of Applicants	2,585
Number of Individuals Determined Eligible	2,053
Number of Individuals with an IPE and No VR Services Provided	592
Number of Participants (with an IPE and VR Services Provided)	1,689

**Table 2—DC RSA Summary Statistics from RSA-113 (FFYs 2016-2018)**

<b>Performance Category</b>	<b>FFY 16</b>	<b>FFY 17</b>	<b>FFY 18</b>
Total Applicants	3,384	2,963	2,723
Total Eligible Individuals (Before IPE)	2,728	2,380	2,226
Agency Implementing Order of Selection	No	No	No
Individuals on Order of Selection Waiting List at Year-End	-	-	-
Percentage of Eligible Individuals with IPE Who Received No Services	18.4%	23.7%	25.2%
Individuals with IPE Receiving Services	4,920	5,075	4,931



**Table 3—DC RSA Number and Percentage of Participants Served by Primary Disability Type (PY 2017)**

<b>Primary Disability Type by Group</b>	<b>Number of Participants</b>	<b>Percent</b>
Visual	180	3.5%
Auditory or Communicative	294	5.7%
Physical	753	14.6%
Cognitive	1,697	33.0%
Psychological or Psychosocial	2,219	43.1%

<b>Detailed Primary Disability Type</b>	<b>Number of Participants</b>	<b>Percent</b>
Blindness	111	2.2%
Other Visual Impairments	69	1.3%
Deafness, Primary Communication Visual	163	3.2%
Deafness, Primary Communication Auditory	25	0.5%
Hearing Loss, Primary Communication Visual	20	0.4%
Hearing Loss, Primary Communication Auditory	40	0.8%
Other Hearing Impairments (Tinnitus, Meniere’s Disease, hyperacusis, etc.)	3	0.1%
Deaf-Blindness	6	0.1%
Communicative Impairments (expressive/receptive)	37	0.7%
Mobility Orthopedic/Neurological Impairments	162	3.1%
Manipulation/Dexterity Orthopedic/Neurological Impairments	42	0.8%
Both Mobility and Manipulation/Dexterity Orthopedic/Neurological Impairments	53	1.0%
Other Orthopedic Impairments (e.g., limited range of motion)	58	1.1%
Respiratory Impairments	38	0.7%
General Physical Debilitation (e.g., fatigue, weakness, pain, etc.)	357	6.9%
Other Physical Impairments (not listed above)	43	0.8%
Cognitive Impairments (e.g., impairments involving learning, thinking, processing information and concentration)	1,697	33.0%
Psychosocial Impairments (e.g., interpersonal and behavioral impairments, difficulty coping)	2,015	39.2%
Other Mental Impairments	204	4.0%

**Table 4—DC RSA Number and Percentage of Individuals Exiting at Various Stages of the VR Process (PY 2017)**

<b>Number of Individuals Who Exited the VR Program</b>	3,247
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<b>Exit Type</b>	<b>Number of Individuals</b>	<b>Percent</b>
Individual exited as an applicant, prior to eligibility determination or trial work experience	610	18.8%
Individual exited during or after a trial work experience	1	0.0%
Individual exited after eligibility, but from an order of selection waiting list	0	0.0%
Individual exited after eligibility, but prior to a signed IPE	368	11.3%
Individual exited after an IPE without an employment outcome	1,470	45.3%
Individual exited after an IPE in noncompetitive and/or nonintegrated employment	0	0.0%
Individual exited after an IPE in competitive and integrated employment or supported employment	635	19.6%
Individual exited as an applicant after being determined ineligible for VR services	17	0.5%
Potentially eligible individual exited after receiving pre-employment transition services and has not applied for VR services	146	4.5%

<b>Supported Employment</b>	<b>Number of Participants</b>
Number of Participants Who Exited with a Supported Employment Outcome in Competitive Integrated Employment	150
Number of Participants Who Exited with a Supported Employment Outcome in Noncompetitive and/or Nonintegrated Employment	0

**Table 5—DC RSA Number and Percentage of Individuals Exiting by Reason during the VR Process (PY 2017)**

<b>Reason for Exit</b>	<b>Number of Individuals</b>	<b>Percent</b>
Individual is No Longer Available for Services Due to Residence in an Institutional Setting Other Than a Prison or Jail	5	0.2%
Health/Medical	0	0.0%
Death of Individual	14	0.4%
Reserve Forces Called to Active Duty	0	0.0%
Foster Care	0	0.0%
Ineligible after determined eligible	0	0.0%
Criminal Offender	12	0.4%
No Disabling Condition	5	0.2%
No Impediment to Employment	11	0.3%
Does Not Require VR Service	1	0.0%
Disability Too Significant to Benefit from Service	5	0.2%
No Long-Term Source of Extended Services Available	0	0.0%
Transferred to Another Agency	14	0.4%
Achieved Competitive Integrated Employment Outcome	635	19.6%
Extended Employment	0	0.0%
Extended Services Not Available	1	0.0%
Unable to Locate or Contact	1,395	43.0%
No Longer Interested in Receiving Services or Further Services	519	16.0%
All Other Reasons	479	14.8%
Number of Individuals Who Exited the VR Program		3,247

**Table 6—DC RSA VR Services Provided to Participants (PY 2017)**

<b>Total Number of Participants Who Received VR Services</b>	5,143
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<b>Training Services Provided to Participants</b>	<b>Number of Participants</b>	<b>Percent</b>
Graduate Degree Training	29	0.6%
Bachelor's Degree Training	471	9.2%
Junior or Community College Training	38	0.7%
Occupational or Vocational Training	197	3.8%
On-the-Job Training	6	0.1%
Apprenticeship Training	5	0.1%
Basic Academic Remedial or Literacy Training	2	0.0%
Job Readiness Training	84	1.6%
Disability Related Skills Training	20	0.4%
Miscellaneous Training	25	0.5%
Randolph-Sheppard Entrepreneurial Training	1	0.0%
Customized Training	0	0.0%

<b>Career Services Provided to Participants</b>	<b>Number of Participants</b>	<b>Percent</b>
Assessment	481	9.4%
Diagnosis and Treatment of Impairment	63	1.2%
Vocational Rehabilitation Counseling and Guidance	2,966	57.7%
Job Search Assistance	834	16.2%
Job Placement Assistance	2,000	38.9%
Short-Term Job Supports	373	7.3%
Supported Employment Services	312	6.1%
Information and Referral Services	35	0.7%
Benefits Counseling	89	1.7%
Customized Employment Services	0	0.0%
Extended Services (for youth with the most significant disabilities)	0	0.0%

<b>Other Services Provided to Participants</b>	<b>Number of Participants</b>	<b>Percent</b>
Transportation	1,298	25.2%
Maintenance	396	7.7%
Rehabilitation Technology	147	2.9%
Personal Attendant Services	2	0.0%
Technical Assistance Services	3	0.1%
Reader Services	0	0.0%
Interpreter Services	3	0.1%
Other Services	257	5.0%

**Table 7—DC RSA Number of Measurable Skill Gains Earned, Number of Participants Who Earned Measurable Skill Gains, and Types of Measurable Skill Gains (PY 2017)**

<b>Measurable Skill Gains Earned and Participants Earning Measurable Skill Gains</b>	<b>Number</b>
Number of Measurable Skill Gains Earned	28
Number of Participants Who Earned a Measurable Skill Gains	27

<b>Types of Measurable Skill Gains</b>	<b>Number</b>
Educational Functioning Level	0
Secondary Diploma	0
Postsecondary Transcript/Report Card	23
Training Milestone	3
Skills Progression	2

**Table 8—DC RSA Median Hourly Earnings, Median Hours Worked per Week, Sources of Support and Medical Insurance Coverage for Participants Who Exited with Competitive Integrated Employment or Supported Employment (PY 2017)**

**Median Hourly Earnings and Hours Worked per Week at Exit**

Number of Participants Who Exited in Competitive and Integrated Employment or Supported Employment	635
Median Hourly Earnings at Exit	\$13.00
Median Hours Worked per Week at Exit	35

Primary Source of Support at Exit	Number of Participants	Percent
Personal Income	598	94.2%
Family and Friends	17	2.7%
Public Support	19	3.0%
Other Sources	1	0.2%

Public Support at Exit	Number of Participants	Percent
Social Security Disability Insurance (SSDI) at Exit	45	7.1%
Supplemental Security Income (SSI) for the Aged, Blind, or Disabled at Exit	83	13.1%
Temporary Assistance for Needy Families (TANF) at Exit	4	0.6%
General Assistance (State or local government) at Exit	6	0.9%
Veterans' Disability Benefits at Exit	3	0.5%
Workers' Compensation at Exit	0	0.0%
Other Public Support at Exit	4	0.6%

Medical Insurance Coverage at Exit	Number of Participants	Percent
Medicaid at Exit	363	57.2%
Medicare at Exit	59	9.3%
State or Federal Affordable Care Act Exchange at Exit	5	0.8%
Public Insurance from Other Sources at Exit	68	10.7%
Private Insurance Through Employer at Exit	148	23.3%
Not Yet Eligible for Private Insurance Through Employer at Exit	5	0.8%
Private Insurance Through Other Means at Exit	54	8.5%

**Table 9— DC RSA Standard Occupational Classification (SOC) Titles (Major Groups): Percentages of Employment Outcomes and Median Hourly Earnings for Participants Who Exited with Competitive Integrated Employment or Supported Employment (PY 2017)**

<b>SOC Title</b>	<b>Number of Participants</b>	<b>Median Hourly Earnings</b>
Building and Grounds Cleaning and Maintenance Occupations	140	\$12.5
Office and Administrative Support Occupations	126	\$12.5
Food Preparation and Serving Related Occupations	67	\$12.5
Transportation and Material Moving Occupations	44	\$17
Sales and Related Occupations	35	\$12.5
Community and Social Services Occupations	31	\$16.83
Healthcare Support Occupations	27	\$12.75
Personal Care and Service Occupations	25	\$13.5
Protective Service Occupations	21	\$15
Business and Financial Operations Occupations	19	\$17
Installation, Maintenance, and Repair Occupations	19	\$13.375
Constructive and Extraction Occupations	17	\$15
Education, Training, and Library Occupations	14	\$17.76
Management Occupations	13	\$17.44
Computer and Mathematical Occupations	9	\$22.95
Arts, Design, Entertainment, Sports, and Media Occupations	6	\$20
Production Occupations	6	\$16
Healthcare Practitioners and Technical Occupations	5	\$15
Legal Occupations	5	\$26.44
Life, Physical, and Social Science Occupations	4	\$17
Farming, Fishing, and Forestry Occupations	1	\$8.75
Architecture and Engineering Occupations	1	\$23.08
Military Specific Occupation	0	0
Randolph-Sheppard vending facility Operator	0	0
Randolph-Sheppard vending facility clerk	0	0

**Table 10—DC RSA Number of Participants Who Exited with Competitive Integrated Employment or Supported Employment by the Most Frequent SOC Title (PY 2017)**

No.	SOC Title	Number of Participants	Median Hourly Earnings
1	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	100	\$ 12.5
2	Customer Service Representatives	50	\$ 12.5
3	Stock Clerks and Order Fillers	23	\$ 11.5
4	Retail Salespersons	18	\$ 12.5
5	Food Preparation and Serving Related Workers, All Other	17	\$ 12.5
6	Bus Drivers, Transit and Intercity	16	\$ 19.0
7	Office and Administrative Support Workers, All Other	15	\$ 14.5
8	Office Clerks, General	12	\$ 15.6
9	Security Guards	11	\$ 13.0
10	Home Health Aides	11	\$ 12.5

**Table 11—DC RSA Number of Students with Disabilities Reported, and the Number and Percentage of Students with Disabilities Who Received Pre-Employment Transition Services (PY 2017)**

Students with Disabilities	Number/Percentage of Students
Total Students with Disabilities Reported	1,518
Students with Disabilities Reported with 504 Accommodation	114
Students with Disabilities Reported with IEP	1,078
Students with Disabilities Reported without 504 Accommodation or IEP	326
Total Students with Disabilities Who Received a Pre-Employment Transition Service	56
Potentially Eligible Students with Disabilities Who Received a Pre-Employment Transition Service	0
Students with Disabilities, Who Applied for VR Services, and Received a Pre-Employment Transition Service	56
Percentage of Students with Disabilities Reported Who Received a Pre-Employment Transition Service	3.7%

**Table 12—DC RSA Number and Percentage of Required Pre-Employment Transition Services Provided (PY 2017)**

Pre-Employment Transition Services	Number of Pre-Employment Transition Services Provided	Percent of Total Pre-Employment Transition Services Provided
Total Pre-Employment Transition Services Provided	160	-
Job Exploration Counseling	104	65.0%
Work Based Learning Experiences	26	16.3%
Counseling on Enrollment Opportunities	17	10.6%
Workplace Readiness Training	8	5.0%
Instruction in Self Advocacy	5	3.1%



## APPENDIX B: SERVICE RECORD REVIEW RESULTS

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### Participants who Exited with Competitive Integrated Employment or Supported Employment

Data Element	Number with required documentation	Percent (of 20) with required documentation	Number without required documentation	Percent (of 20) without required documentation
Date of Application	15	75%	5	25%
Date of Eligibility Determination	19	95%	1	5%
Date of IPE	17	85%	3	15%
Start Date of Employment in Primary Occupation at Exit or Closure	6	30%	14	60%
Hourly Wage at Exit or Closure	8	40%	12	60%
Employment Status at Exit or Closure	4	20%	16	80%
Type of Exit or Closure	12	60%	8	40%
Date of Exit or Closure	16	80%	4	20%

### Summary of Service Record Review for Participants who Exited with Competitive Integrated Employment or Supported Employment

Summary	Number	Percent (of 20)
Service Records with all required documentation for Data Elements	4	20%
Service Records without all required documentation for Data Elements	16	80%

### Reporting Considerations: Information in Supporting Documentation, Case Management System, and RSA-911

Data Element	Number (of 20) where All Information Matches	Percent (of 20) where All Information Matches	Number (of 20) where All Information Does Not Match	Percent (of 20) where All Information Does Not Match
Date of Application	15	75%	5	25%
Date of Eligibility Determination	19	95%	1	5%
Date of IPE	17	85%	3	15%

Start Date of Employment in Primary Occupation at Exit or Closure	6	30%	14	60%
Hourly Wage at Exit or Closure	8	40%	12	60%
Employment Status at Exit or Closure	4	20%	16	80%
Type of Exit or Closure	12	60%	8	40%
Date of Exit or Closure	16	80%	4	20%

**Participants who Earned Measurable Skill Gains (MSG)**

<b>Data Element (MSG Types as applicable)</b>	<b>Number with required documentation</b>	<b>Percent (of 20) with required documentation</b>	<b>Number without required documentation</b>	<b>Percent (of 20) without required documentation</b>
Start Date of Initial VR Service on or after IPE	14	70%	6	30%
Date Enrolled During Program Participation in an Education or Training Program Leading to a Recognized Postsecondary Credential or Employment	7	35%	13	65%
Date of Most Recent MSG: Educational Functioning Level	NA		NA	
Date of Most Recent MSG: Secondary Transcript Report Card	NA		NA	
Date of Most Recent MSG: Postsecondary Transcript/Report Card	9		10	
Date of Most Recent MSG: Training Milestone	0		2	
Date of Most Recent MSG: Skills Progression	NA		NA	

**Summary of Service Record Review of Participants who Earned  
Measurable Skill Gains (MSG)**

<b>Summary</b>	<b>Number</b>	<b>Percent (of 20)</b>
Service Records with all required documentation for Data Elements (as applicable)	7	35%
Service Records without all required documentation for Data Elements (as applicable)	13	65%

**Reporting Considerations: Information in Supporting Documentation,  
Case Management System, and RSA-911**

<b>Data Element (MSG Types as applicable)</b>	<b>Number of Service Records where All Information Matches</b>	<b>Percent (of 20) where All Information Matches</b>	<b>Number of Service Records where All Information Does Not Match</b>	<b>Percent (of 20) where All Information Does Not Match</b>
Start Date of Initial VR Service on or after IPE	14	70%	6	30%
Date Enrolled During Program Participation in an Education or Training Program Leading to a Recognized Postsecondary Credential or Employment	7	35%	13	65%
Date of Most Recent MSG: Educational Functioning Level	NA		NA	
Date of Most Recent MSG: Secondary Transcript Report Card	NA		NA	
Date of Most Recent MSG: Postsecondary Transcript/Report Card	9		10	
Date of Most Recent MSG: Training Milestone	0		2	
Date of Most Recent MSG: Skills Progression	NA		NA	

## APPENDIX C: FISCAL DATA TABLES

Note: Calculations for these tables can be found in Appendix F of the MTAG.

### VR Resources and Expenditures—FFYs 2016–2018

VR Resources and Expenditures	2016	2017	2018*
Total program expenditures	\$24,202,596	\$23,787,619	\$20,224,054
Federal expenditures	\$15,993,561	\$14,974,254	\$12,015,018
State agency expenditures (4 <sup>th</sup> quarter)	\$8,209,035	\$8,813,365	\$8,209,036
State agency expenditures (latest/final)	\$8,209,035	\$8,813,365	\$8,209,036
Federal formula award amount	\$14,116,707	\$14,236,152	\$14,537,666
Reserve amount required for pre-employment transition services (15 percent)	\$2,417,506	\$2,246,513	\$2,421,586
Amount expended on pre-employment transition services	\$2,438,894	\$2,526,271	\$991,847
Percentage expended on pre-employment transition services	15.13%	16.87%	6.14%
MOE penalty from prior year	\$0	\$0	\$0
Federal award amount relinquished during reallocation	\$0	\$0	\$0
Federal award amount received during reallocation	\$2,000,000	\$740,604	\$1,606,243
Federal funds transferred from State VR agency	\$0	\$0	\$0
Federal funds transferred to State VR agency	\$0	\$0	\$0
Federal award amount (net)	\$16,116,707	\$14,976,756	\$16,143,909
Federal award funds deobligated	\$123,147	\$0	\$0
Federal award funds used	\$15,993,560	\$14,976,756	\$16,143,909
Percent of formula award amount used	113.30%	105.20%	111.05%
Federal award funds matched but not used	\$123,147	\$0	\$0

\* Indicates the award is currently in an open status. Therefore, data is either not currently available or not final.

### Non-Federal Share and Maintenance of Effort—FFYs 2016–2018

<b>Non-Federal Share (Match) and Maintenance of Effort (MOE)</b>	<b>2016</b>	<b>2017</b>	<b>2018*</b>
Match required per net award amount	\$4,361,955	\$4,053,430	\$4,369,317
Match provided (actual)	\$8,209,035	\$8,813,365	\$8,209,036
Match difference**	-\$3,847,080	-\$4,759,935	-\$3,839,719
Federal funds matched (actual)	\$16,116,707	\$14,976,756	\$16,143,909
Percent Federal funds matched	100.00%	100.00%	100.00%
MOE required	\$7,657,611	\$7,927,720	\$8,209,035
MOE: Establishment/construction expenditures	\$0	\$0	\$0
MOE actual	\$8,209,035	\$8,813,365	\$8,209,036
MOE difference**	- \$551,424	- \$885,645	- \$1

\* Indicates the award is currently in an open status. Therefore, data is either not currently available or not final.

\*\* A positive amount indicates a deficit. A negative amount indicates a surplus.

### Program Income and 4<sup>th</sup> Quarter Data—FFYs 2016–2018

Program Income and 4 <sup>th</sup> Quarter Data	2016	2017	2018*
Program income received	\$98,842	\$41,040	\$68,526
Program income disbursed	\$98,842	\$41,040	\$68,526
Program income transferred	\$0	\$0	\$0
Program income used for VR program	\$98,842	\$41,040	\$68,526
Federal grant amount matched (4 <sup>th</sup> quarter)	\$16,116,707	\$14,976,756	\$16,143,909
Federal expenditures (4 <sup>th</sup> quarter)	\$9,202,316	\$8,244,573	\$10,867,216
Federal unliquidated obligations (4 <sup>th</sup> quarter)	\$0	\$562,815	\$0

\* Indicates the award is currently in an open status. Therefore, data is either not currently available or not final.